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## NEWS SUMMARY

### GENERAL

## Briton killed in blast on freighter

One British worker was killed, six are missing feared dead and two were injured when a Greek ore freighter exploded in Rotterdam.

The engine-room blast set the 72,000 tonne Agios Joannes on fire and tore a huge gash down one side. The 47 Greek crew members were brought ashore, although several were injured.

The British casualties were members of a nine-man repair crew from the London-based Industrial Maintenance and Engineering.

### Kidnap girl freed

The 12-year-old daughter of a Saudi diplomat was freed unharmed in London after a two-day kidnap ordeal on which a strict news blackout was maintained. The kidnappers had demanded a £150,000 ransom.

### Van hijacked

Four prisoners escaped after overpowering their guards on the M2 in Kent and hijacking the van taking them to court.

### 55 'die in raid'

Ugandan soldiers killed 55 and wounded 100 in an attack on a mission station in Uganda's West Nile region, a Red Cross worker at the mission said.

### Yachtsmen safe

The crew of the British trimaran Triple Jack, taking part in the Observer double-handed transatlantic yacht race, were rescued after the boat's mast broke 550 miles off Rhode Island.

### Iran poll date set

Iran will hold a presidential election on July 24. Prime Minister Mohammed Ali Rajai appears to be the main contender. Page 3

### CB 'priority'

Home Secretary William Whitelaw said establishing a Citizens Band radio service on FM in the autumn would be a priority. Page 10; Feature, Page 11

### Plea on Moonies

Attorney-General Sir Michael Havers asked the Charity Commissioners to end the charitable status of the Moonies, the Unification Church.

### Banning order

South Africa imposed a five-year banning order on Natal Indian Congress president George Sewpersad, stopping him attending political meetings.

### Pay-off decision

Appeal Court ruled that ex-model Pauline Preston, who lived frugally to help her husband build a business empire, could keep her record £700,000 divorce pay-off awarded last year.

### Baby ruling

A Miami judge rejected parents' pleas that a crippled 11-day old baby be allowed to die, and told surgeons to operate.

### Rail link study

The London Docklands Development Corporation is studying two alternative plans for a light railway linking dockland areas with the City. Back Page.

### Bridge alert

A bomb scare delayed the opening of the Humber Bridge to traffic by 35 minutes. Men and Matters, Page 24

### Gem of a find

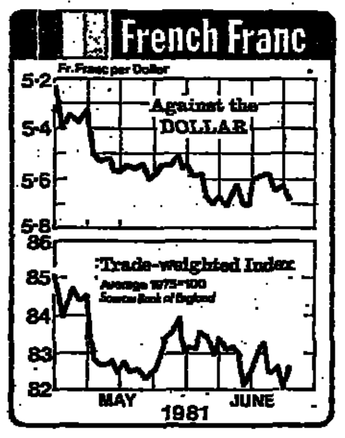
A prospector found a flawless, 148-carat diamond worth about £225,000 while digging near Kimberley, South Africa.

### BUSINESS

## Dollar firm; sterling off 1.9c

● DOLLAR was stronger at SwFr 2.0390 (SwFr 2.0325), DM 2.3705 (DM 2.3560) and Y222.75 (Y221.75). Its trade-weighted index rose to 107.9 (107.6). Page 30

● FRENCH FRANC sank to the bottom of the European Monetary System on the appointment of Communist ministers in France, but remained within its divergence limit. The dollar rose to FFr 5.6825 (FFr 5.6625). Page 30




● STERLING fell to $1.9800, a loss of 1.9c. It was down to DM 4.6950 (DM 4.7125), SwFr 4.04 (SwFr 4.0650) and FFr 11.2450 (FFr 11.3150). Its trade-weighted index fell to 95.6 (96.1). Page 30

● GOLD lost $4 to $461.5. Page 30

● EQUITIES were quiet, but maintained a firm undertone. The FT 30-share index added 3.9 to 548.4. Page 44

● GILTS were dull on contradictory views about the likely direction of U.S. interest rates. Government Securities index lost 0.24, finishing at 66.24. Page 44

● WALL STREET was down 9.99 at 996.67 near the close. Page 34

● EMS membership of sterling would help the system withstand shocks, Chancellor Schmidt of West Germany said. Page 2

● PENSIONS bill to employers could go up to give employees who change jobs or leave before retirement a better deal if Occupational Pensions Board recommendations are accepted. Back Page

● TOYOTA MOTOR of Japan was warned by Saudi Arabia that if it entered a joint venture with Ford of the U.S., there would be a call for an Arab boycott of the group's vehicles. Back Page

● JAPANESE OIL exploration companies plan to spend £12bn in the next decade to boost development projects. Page 32

● CONOCO and Cities Services share trading was suspended in New York pending statements expected to announce a merger between the oil companies.

● VICKERS DA COSTA, the stockbroking company, wrote to shareholders with plans for a takeover bid by the management backed by a consortium of institutions. Back Page

● RACAL Electronics reported taxable profits for the year to end-March up from £63.6m to £73.21m. Page 26; Lex, Back Page

● FERRANTI, electrical and electronic engineering group, improved taxable profits from £11.2m to £18.1m in the year to end-March. Page 26; Lex, Back Page

● POWELL DUFFRYN, engineering and fuel distribution group, reported taxable surplus for the year to end-March down from £15.88m to £14m. Page 30

● DUPORT, the steel group, reported a pre-tax loss of £13.9m compared with a £6.56m profit for the year to end January. The dividend is passed. Page 27

● CHUBB and Son, security systems maker, finished the year to end March with pre-tax profits at £6.84m, £376,000 behind. Page 26

## CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

| RISES | | |
|---|---|---|
| Arbuthnot Latham | 333 | + 13 |
| Beecham | 222 | + 5 |
| British Aerospace | 226 | + 6 |
| Dawson Intnl. | 196 | + 6 |
| Electronic Rentals | 110 | + 7 |
| FNFC 9½pcUnLn. | £97½ | + 2½ |
| Geers Gross New | 41pm | + 8 |
| Granada A | 242 | + 6 |
| Hazlewood Foods | 225 | + 15 |
| Mansfield Brewery | 246 | + 10 |
| Racal Electronics | 384 | + 12 |
| Rothschild Inv. Tst. | 368 | + 11 |
| Sainsbury (J.) | 419 | + 10 |
| Silentnight | 92 | + 4 |
| Stroud Riley Drmd. | 71 | + 7 |
| Thorn EMI | 398 | + 12 |
| Utd. Biscuits | 122 | + 7 |
| Vinten | 270 | + 10 |
| Inch Ken. Kajang | 300 | + 20 |
| Anglo Amer. Gold | 43¾ | + 1¼ |
| FS Saaisplaas | 310 | + 48 |
| Welkom | 643 | + 43 |

| FALLS | | |
|---|---|---|
| Treas. 11¾pc 01-04 | £84¼ | − ¾ |
| Chloride | 26 | − 8 |
| Chubb | 90 | − 5 |
| Hambros Bank | 895 | − 45 |
| Lloyds Bank | 385 | − 5 |
| Powell Duffryn | 273 | − 12 |
| Transvaal Cons. | £22¼ | − 1½ |

# France faces trouble over biggest textile group

BY DAVID WHITE IN PARIS

THE NEW French Government faces its biggest immediate industrial headache over the future of France's largest textiles group.

Boussac-Saint Frères, the manufacturing side of the powerful and controversial Agache-Willot textile and retail group, asked a court yesterday to wind up its affairs.

It acted after several weeks of mounting speculation that its financial collapse was imminent. A legal administrator was expected last night to be appointed at the instigation of the French authorities to try to draw up a rescue plan.

Boussac-Saint-Frères, which employs about 20,000, includes the assets of the trouble-ridden Boussac former textile empire, which Agache-Willot took over in 1978 for FFr 700m (£62m), with the backing of State-sector banks.

The acquisition followed a fierce battle.

Boussac, formerly owned by M Marcel Boussac, known as the Cotton King, has long been a source of anxiety to the French authorities both before and after the takeover.

The methods of the secretive Willot brothers, who hold about 40 per cent of the FFr 12bn-a-year Agache-Willot group, have continually provoked political controversy.

Last year their accounting methods came under attack from the stock market's watchdog authority, the Bourse Operations Commission.

The request for judicial settlement procedures, made at a Lille commercial court, poses the biggest immediate industrial problem facing the Government.

A meeting was fixed at the Treasury today on the outlook for the group, known to be having difficulty in meeting payments due this month.

The French Government is expected to undertake a thorough review of the group.

It is expected to provide facilities for suppliers and subcontractors who would be affected by a suspension of claims against Boussac-Saint-Frères.

The group recently announced a plan to trim just under 1,000 jobs, mostly through early retirement, after making more than 1,800 redundant.

The central works committee turned down management plans last week for regrouping subsidiaries.

The political overtones of the case became clear yesterday when the Communist-led CGT trade union federation attacked the winding-up petition as "blackmail" to obtain financial favours. The textile branch of the rival CFDT federation called for an immediate strike.

# European Commission plans CAP changes

BY JOHN WYLES IN BRUSSELS

THE EUROPEAN Commission yesterday proposed radical changes in the Common Agricultural Policy and a new system for reducing Britain's net payments to the Community budget, coupled with a request for more money for spending on neglected Community policies.

Launching what could be the most important document of his term of office, M Gaston Thorn, Commission President stressed yesterday that the and his colleagues had set out to chart a desired path for the Community's future development rather than to try to solve narrow budgetary problems.

The commission's report is broad in scope and contains a variety of appeals for a "new dynamism." It pledges to come up with policy proposals aimed at improving the effectiveness and volume of spending on social and regional policies and at bringing Community assistance to new areas of industrial innovation and regeneration as well as energy conservation and production.

First government reactions to the document will surface at the Community's heads of government summit in Luxembourg on Monday and Tuesday.

Detailed negotiations are expected to start in September with the Ten aiming, optimistically, for broad agreement by the end of the year.

The commission has identified three main problems with the budget:

1 Lack of revenue: At present the community's income is limited because of a ceiling on members' contributions. The 10 are obliged to contribute only up to 1 per cent of their income from value-added tax to central EEC funds.

They are now close to spending up to the limit and the commission says the ceiling must be raised to help pay for new policies.

M Thorn implied yesterday that the time to raise the limit would be when Spain and Portugal join the EEC, possibly in 1984.

2 The CAP's steadily rising share of total spending because of increasing over-production during the past five years: the commission wants to tackle this by abandoning the policy of maintaining farm incomes as a priority.

The report calls instead for a progressive alignment of high EEC farm prices with lower world market levels—a scheme which is bound to cause hardship for small farms.

The commission proposes a system of direct income aids to deal with this, a move which could transfer some of the burden of financing agriculture from the EEC and back to member governments.

Coupled with output targets for every farm product, the commission claims, such an approach would keep the growth in farm spending below the growth rate of EEC budget revenues. This would free resources for other policies to the ultimate benefit of the UK, among others.

Before these benefits flow, however, the commission says

Continued on Back Page
Details, Page 2

# Cable and Wireless in two joint ventures

By Guy de Jonquieres

CABLE AND WIRELESS, whose shares will be offered to private investors later this year, has agreed arrangements to turn its extensive telecommunications operations in Hong Kong and Bahrain into joint ventures with the local governments.

Hong Kong is Cable and Wireless' biggest world-wide operation. It accounts for an estimated 40 per cent of the company's total revenues of £254.8m last year. Bahrain is the company's second largest source of revenue, accounting for about 20 per cent.

Negotiations with Bahrain, where Cable and Wireless will retain a 40 per cent stake in a joint-venture company with the Bahraini Government, still have to be completed. They include the amount of compensation to be paid to Cable and Wireless. The moves will however smooth the way for the British Government's plans to sell almost half its holding in the company next October.

The agreement with Hong Kong, approved by the British Government, appears favourable to the company and should reassure City institutions worried about the future of Cable and Wireless' business there.

In Hong Kong, Cable and Wireless will own 80 per cent of the joint venture, which it will manage. The Hong Kong Government will own 20 per cent and will have the right to nominate several board members. Financial terms of the deal have not been disclosed.

Cable and Wireless has been granted a new 25-year operating lease in Hong Kong. It has also successfully resisted attempts

Continued on Back Page

## £ in New York

| | June 23 | Previous |
|---|---|---|
| Spot | $1.9800-9830 | $2.0050-0065 |
| 1 month | 1.10-1.17 pm | 1.20-1.28 pm |
| 3 months | 2.80-2.90 pm | 2.75-2.85 pm |
| 12 months | 5.30-5.50 pm | 5.40-5.60 pm |

# Britain set to buy U.S. version of Harrier jet fighter

BY LYNTON McLAIN

BRITAIN is to buy the U.S. McDonnell Douglas AV-8B version of the British Aerospace Harrier vertical take-off fighter, Mr John Nott, the Defence Secretary, is expected to tell MPs in his statement on defence in the Commons today.

Up to £1bn of the work on the new AV-8B, designed under licence from British Aerospace, could come to Britain's aerospace industries.

Mr Nott evidently hopes to capitalise on this potential boost for industry this afternoon, when he is likely to face a storm of protest from the Government's own backbenchers about the announcement of what are expected to be unprecedented cuts in other branches of the armed forces.

The deal to buy the U.S. version of the Harrier for the RAF has still to be finalised with McDonnell Douglas, and the U.S. Government.

Britain's aerospace companies are confident that the final agreement will allow British Aerospace to take on about 40 per cent of the work on the airframe, and Rolls-Royce 75 per cent of the work on the Pegasus vertical take-off jet engine.

BAe would do the final assembly of the RAF aircraft at Kingston, Brough and Dunsfold.

Mr Nott is expected to tell the Commons that he is prepared to give the go-ahead for the RAF to buy between 60 and 100 of the AV-8B fighter and ground-attack aircraft.

These would gradually replace the wholly British-designed Harrier now in service with the RAF in Britain, Germany and Belize.

The U.S. Marine Corps has already given a target requirement of 340 of the AV-8B aircraft, but the U.S. Government has not sanctioned the go-ahead for the full order.

British Aerospace and Rolls-Royce, as well as aerospace equipment suppliers, are likely to benefit from any firm orders by the U.S. Marines, with the final assembly by McDonnell Douglas at its St Louis plant.

The decision to go ahead with a purchase and manufacturing agreement for the AV-8B marks the end of hopes in British Aerospace that its own advanced version of the original Harrier, the so-called "big-wing" Harrier GR5 (K) design now on the drawing board at its Kingston works, would be chosen for the RAF.

Mr Nott is likely to present the choice of the U.S. AV-8B for the RAF and the U.S. Marine Corps as a way of opening up potential export markets which would have been less accessible if Britain had gone ahead unilaterally with her own "big-wing" version.

British Aerospace and Rolls-Royce are expected to welcome the decision to opt for the AV-8B and regard it as a stepping stone toward further Anglo-U.S. collaboration on a supersonic version of the aircraft.

Designs for such a version already exist at British Aerospace works at Kingston and at McDonnell Douglas's works at St Louis.

Rolls-Royce and the Ministry of Defence have made extensive tests on an advanced and powerful version of the revolutionary R-R Pegasus engine at Shoeburyness, Essex.

This engine burns extra fuel in its chambers and has been developed specifically to power a future supersonic vertical take-off aircraft.

British Aerospace has designs for another vertical take-off aircraft, the P1106, which uses more conventional jet engines to provide an "ultra-short" take-off and landing capability.

Defence overspending, Back Page

# Bush says allies are concerned by French Communist Ministers

BY TERRY DODSWORTH IN PARIS

MR. GEORGE BUSH, the U.S. Vice-President, said yesterday that the inclusion of four Communist ministers in the French Government was bound to cause concern among France's allies.

His remarks followed talks in Paris with President Francois Mitterrand during which both men evidently tried to gloss over the issue.

Mr Bush admitted that the appointments had great significance for President Reagan and the American Government, but stressed that the discussions had been "frank, warm and constructive."

America's European allies were sovereign countries which decided for themselves how they were governed, he said.

The French President also emphasised the strong links between the two countries. France was a faithful and loyal ally, he said.

M Mitterrand is due to meet President Reagan for the first time at the Western summit in Ottawa next next month, when any differences between the new expansionist French administration and Mr Reagan's conservative Government will probably become more apparent.

These differences are particularly pronounced in economic questions, which were high on yesterday's agenda. Mr Bush said he gave the French President a full outline of President Reagan's economic policies, while M Mitterrand took up the delicate issue of high U.S. interest rates.

These have come under heavy attack in France recently because they have helped drive up French rates, putting a brake on attempts to stimulate industrial investment.

On both the Paris foreign exchange markets and the Bourse, the announcement of the new Government's composition was received relatively calmly. This suggests that both markets had largely anticipated the Communist appointments, although the fact that fairly moderate Socialists remain in firm control of the economic ministries probably helped reassure investors.

The franc, however, came under fairly heavy pressure in the morning. Some dealers said the Bank of France had intervened marginally for the first time in almost a month.

The French currency ended the day just off its floor in the European Monetary System, having softened against the D-Mark to FFr 2.4055 against FFr 2.40 on Tuesday.

The dollar rose more strongly, from FFr 5.66 to FFr 5.702.

In light trading on the Bourse, the CAC general stockbrokers' index rose slightly to 82.6 against 80.6. The index is still more than 25 per cent down on what it was before the Presidential elections.

Communists in government worry Bonn, Page 2

# £17.3m Chloride rights issue

BY CHRISTINE MOIR

LOSSES of £22m after tax and extraordinary items for 1980-81 at Chloride Group, the country's leading automotive battery manufacturer, have forced the company to seek £17.3m after expenses by a convertible rights issue.

The company admitted yesterday the money was urgently needed "to ensure continuity of adequate banking facilities," a fact to which the auditors drew attention in the accounts for the year to March 31, published yesterday.

Sir Alastair Pilkington, chairman, said yesterday the losses for the year were appalling. He attributed them to a collapse in demand for batteries and a severe price war, in which Chloride joined, in the early spring.

Mr Ken Hodgson, who took over from Mr John Ray as chief executive in a boardroom reconstruction in March, held out little hope for an early improvement. He said there was "unlikely to be a full recovery in the next few years" in the UK.

The company's debt burden had grown to £94.4m at the year end, where it equalled total shareholders' funds after the reduction caused by the year's losses.

Discussions for a new borrowing package were held with the company's bankers. The proposed rights issue is believed to have formed a vital element in their continuing support on these terms.

The accounts show an unusual contract whereby Samuel Montagu and Kleinwort Benson, two

Continued on Back Page
Lex, Back Page

## CONTENTS



For latest Share Index phone 01-246 8026

# Ex-Renault chief takes the wheel of French industry

BY TERRY DODSWORTH IN PARIS

ONE OF the most significant reshuffles in the new French Government announced on Tuesday was the replacement of M Pierre Joxe as Industry Minister by M Pierre Dreyfus. M Joxe has the reputation of being the most rigorously Marxist politician at the top of the Socialist Party. M Dreyfus, on the other hand, is an industrialist, the man who turned Renault from a small French car manufacturer into one of the leading European and international companies in its field.

His appointment thus reflects a shift to the right in the Government's industrial and economic team, which is now totally dominated by centrist, pragmatic Socialists. In the delicate balancing act which has marked the formation of the new administration, he is a clear counter-weight to the entry of the Communists on the left.

This is not to say that M Joxe has been shifted because of his radical views. He has, in fact, been moved sideways to an *equally important job* as head of the Socialists in Parliament, where President Francois Mitterrand will be able to lean on his disciplinary talents and fierce loyalty in the tough months ahead. But, for the Government, there is little doubt that M Dreyfus makes a better intermediary with industry.

A courteous, cultivated man, he brings two important credentials to his new job. First, he is a committed Socialist, with a deep conviction of the need to *plan a modern economy using* nationalisation, where necessary, to give more punch to state policies. A lifetime spent walking the tightrope between government and industry—M Dreyfus is now 73—has not blunted these views. He carried them through a long period as a top official in the Industry Ministry, followed by five years as head of one of the state coalfields, and then through a 20-year stint at Renault.

In the past few years, since his retirement, he has put this experience at the service of the Socialists, both as an adviser to M Pierre Mauroy, the Prime Minister, and as counsellor to M Mitterrand as head of the party. As a result, he knows both men well. M Mauroy, in particular, has been able to judge him at first hand. For a period he advised him on industrial development in Lille, the Prime Minister's home town.

Second, M Dreyfus has first-hand knowledge of the way industry works. Although many industrialists claim he had the *advantage at Renault of being* able to ignore profits, the positive results of his management cannot be denied. Before he retired in 1975, he had expanded the company from an output of 175,000 cars a year to 1.3m, turning it into France's principal industrial exporter. Today, few businessmen would disagree with the view that Renault is one of the most soundly managed companies in France.

In addition, M Dreyfus made Renault into what many consider a model of state-owned enterprise. He pioneered improvements in working conditions, leading the field in wages and holidays, and working with the unions wherever possible. But, at the time, he did this while preserving the company's independence, which won the grudging admiration of other industrialists. Perhaps because he knew the workings of the bureaucracy so well, he established a clear relationship with the Government giving Renault virtually total freedom over day-to-day management. "Nationalisation succeeds," he once said, "when the Government leaves the company a great deal of autonomy."

The big question now is how far and how fast M Dreyfus will push ahead with the Socialists' nationalisation plans. There is no doubt that he believes in state control as a method of directing industry. He is far closer to France's long interventionist tradition than to the policies of benign neglect preached by M Raymond Barre, the former Prime Minister. But he is also likely to prove less dogmatic than a professional party politician, arguing that the overall objective of industrial policy is to improve the common lot. "What use is a prosperous economy if it does not help ordinary people," he says.

In the immediate future, however, the nationalisation plans will almost certainly not be as *important as handing out* suitable medicine to the long line of lame ducks limping into the ministry's surgery. Several sectors of French industry have been getting into deeper and deeper trouble over the past few months, exacerbated by the dizzy rise in interest rates.

Big problems are looming in the paper industry, in steel, in textiles and even in the mini-computer sector, which the former Government was aiming to develop as a growth industry of the future. Yesterday, the first of these crises landed on M Dreyfus's desk when Boussac-Saint-Freres, one of the country's main textile companies filed for bankruptcy. Given the despair of the textile industry in France at present, this problem should provide an iron test for M Dreyfus's fabled diplomatic skills.

Pierre Dreyfus: convinced of the need to nationalise

## Communists in government worry Bonn

BY OUR BONN CORRESPONDENT

THE WEST GERMAN Chancellor Herr Helmut Schmidt, has publicly warned against over-dramatising the appointment of Communists to the new French Government. Privately, however, senior West German officials express deep concern.

In comments to the Foreign Press Association here, Herr Schmidt indicated that he felt that the move in Paris might amount to a certain taming of the French Communist Party, at least in foreign policy.

At any rate, he said he felt sure the Soviet Union would be struck that Communists were now part of a Western Government whose leaders were firmly pledged to support the Nato decision on nuclear weapons for Western Europe. He also was confident that the French Government would maintain its predecessor's stand in opposing the Soviet intervention in Afghanistan.

However, senior officials find it hard to imagine that the flow of defence and security information to Paris from Bonn and other Western capitals can remain as it was before. One stated bluntly that no single secret could be passed to an administration in which Communists played leading roles.

Although France is not formally part of Nato's military command structure, the West Germans stressed that the French conducted their policy in conformity with Nato's security needs. Contacts between Bonn and Paris on security affairs thus have been as close as between any other two Western partners.

In domestic affairs, those *close to the Chancellor hope* that the French Government's dedication to the Nato nuclear missiles decision will help quieten critics of that decision within Herr Schmidt's own Social Democrat Party.

On the other hand, there are also fears that a strongly socialist programme in France might encourage Social Democrats who feel the party has moved too far away from its socialist principles.

# Norway cuts price of North Sea oil

By Ray Dafter, Energy Editor

*NORWAY HAS cut the price of* its North Sea oil by about 10 per cent, putting further pressure on African producers in the Organisation of Petroleum Exporting Countries.

Statoil, the Norwegian state corporation, said yesterday it had followed the lead of the British National Oil Corporation and set a new average price of just under $36 a barrel.

The new pricing structure, which compares with a previous range of $39-$40 a barrel, became effective on June 20—five days after BNOC set a UK reference price of $35 a barrel for Forties Field crude oil.

Phillips Petroleum, one of the main producers of Norwegian crude, *said last night* that the pricing matter was "still under review." But it is expected that the company will also cut the price of oil from its Ekofisk complex by about 10 per cent.

As with the UK, the reduced tax revenues arising from the lower tariffs will be largely offset by the change in the exchange rate between the Norwegian krone and the U.S. dollar.

Statoil's move means that soon the price of the whole of the North Sea production will be linked to Saudi Arabia's moderate reference level of $32 a barrel, rather than the $40-$41 official prices charged for premium crudes by Algeria, Libya and Nigeria.

BNOC has told oil companies with whom it trades that its prices will rise if Saudi Arabia increases its tariffs. Statoil has not made such a direct link with the Saudis although it is likely to follow BNOC again in any future pricing move.

North Sea output of high quality oil is now running at about 2.3m b/d, over three quarters of which is produced in the UK sector. This combined production level is far above the output of any of the African exporters.

Consequently, oil industry analysts believe the Africans will find it hard to resist pressure for price reductions.

Lance Keyworth writes from Helsinki: Further evidence of the weakening oil market came yesterday when it was learned that the Soviet Union was to re- [illegible] by 8 per cent. [illegible] in Finland—one of the importers of Soviet crude—the price has been cut from $38 a barrel to about $35. The new pricing formula was agreed on June 22 between representatives of the Soviet Union and Neste Oy, the state-owned Finnish oil refinery.

# Schmidt urges Britain to join EMS

BY JONATHAN CARR IN BONN

BRITAIN HAS been urged publicly by Chancellor Helmut Schmidt of West Germany to become a full member of the European monetary system by bringing sterling into the system's exchange rate mechanism. In remarks at a foreign Press Association meeting in Bonn, Herr Schmidt stressed that he believed sterling's inclusion would make the EMS more capable of withstanding international currency shocks.

The Chancellor's comments show he remains interested in the further development of the EMS—which some have questioned recently—and that he does not accept that sterling is an inherently unstable petro-currency.

The remarks are also felt to be of particular interest coming at a time of strong fluctuation both of the dollar and of U.S. interest rates, together presenting serious strains for the EMS participants.

It is felt in Bonn that Europe is facing a new phase of that "benign neglect" of the dollar which caused considerable problems during the early years of the Carter Administration and which was a key stimulus for establishment of the EMS. It is argued here that, whereas before, the sharp falls of the dollar reflected an indeterminate policy line by President Jimmy Carter, the dollar's strong swing the other way reflects the conscious decision of the Reagan Administration to leave the currency to the play of market forces.

Either way, it is reckoned that this brings particular problems for the D-mark as the world's second reserve currency, and that this compounds the problems of maintaining the exchange rate discipline within the EMS.

The addition of sterling, it is felt, would increase the weight and stability of the system, provide a further important currency for intervention purposes and could exercise an extra psychological pressure on Washington to look after the dollar.

In spite of his appeal, Herr Schmidt is even more pessimistic than he used to be about Britain joining the EMS. He is said to feel that it would imply a readiness to put long-term currency stability ahead of short-term interests. In his view, this is something successive British Governments have failed to do.

# Employers may revoke Italian wage pact

By Rupert Cornwell in Rome

CONFINDUSTRIA, the Italian employers' association, was last night deciding whether to revoke unilaterally its 6½-year-old wage-indexing agreement with the unions.

The choice seems to lie between a straight announcement of an end to the *scala mobile* mechanism—held to be a main reason for Italy's high inflation—and some form of compromise solution, which *could involve a six-month* delay before breaking the existing arrangements.

Confindustria has two broad factions. One, spearheaded by Sig Giovanni Agnelli, president of Fiat, Italy's biggest private company, is determined to force an immediate showdown. The other favours a more moderate course in the hope of avoiding a head-on clash with the unions.

The unions have said that if the employers revoke the *scala mobile*, they will call widespread strikes.

In that case, Sig Giovanni Spadolini, the Prime Minister-designate, would have little hope of securing the "social contract" he is seeking between the two sides of industry to enable the next government to tackle Italy's chronic economic difficulties.

Confidustria insists that an end to indexation would not amount to a declaration of war on the unions, but would aim at forcing real negotiations on cutting labour costs. Even the unions admit these must be held down if Italian industry is to remain competitive.

Since its introduction in 1975 (ironically underwritten by Agnelli, the then head of the employers' association and a strong advocate of a new deal between industry and unions) the *scala mobile* has come to be seen as the symbol of the country's economic problems.

The unions, however, resist any talk of changing the *scala mobile*, the most visible proof of the advances they made in the 1970s.

# Military coup fears haunt Spain anew

BY ROBERT GRAHAM IN MADRID

THE SPECTRE of a group of officers in the armed forces plotting to overthrow democracy has returned to haunt Spain following the arrest of three senior army officers on Monday. The arrests, without any charges being specified, occurred exactly four months after February 23, the day of the abortive coup.

The three officers were still being held last night along with five civilians, but the authorities were reluctant to give details on the significance of the detentions — headlined across the front pages of Spain's newspapers yesterday.

Particular prominence was given to two of the officers arrested: Maj Ricardo Saenz de Ynestrillas and Col. Ricardo Garchitorena. The former was found guilty, along with Col Antonio Tejero, the Guardia Civil officer who seized Parliament in February, of plotting against the state in 1978. The latter is alleged to have tried to take prisoner the military governor of Madrid on the night of February 23. Two of Maj Ynestrillas' teenage sons were also taken in for questioning.

It is the appearance of these two names that has caused the greatest concern. However, the political parties yesterday were seeking to play down the detentions, indicating that they were by nature preventative. Yesterday was King Juan Carlos' birthday and the authorities had been worried that some terrorist act was being planned.

Last Friday a youth belonging to a fascist party was badly injured when he was blown up by his own home-made bomb. There were *suggestions that the* detentions arose from information connected with this incident. However, the fact that the detentions coincided with another 23rd day of [illegible] has created an uneasy feeling nicknamed here the "syndrome of the 23." Last month on this day there was the assault on the Banco Central in Barcelona.

There are now 33 officers who have been indicted for their part in the abortive coup of February 23.

# Western aid to Third World falls

By Our Paris Staff

THE FLOW of financial resources from the West to the developing world dropped by $1.8bn (£900m) last year to $73.2bn, according to statistics from the OECD's Development Assistance Committee.

As a proportion of gross national product among the committee's 17 member-countries, the figure represented a drop from 1.16 per cent to 1.02 per cent.

This was despite a $4.3bn increase in official aid to $26.7bn—0.37 per cent of GNP compared with the previous year's 0.35 per cent—barely half the target level set by the UN.

Mr John Lewis, U.S. chairman of the committee, said prospects were for continued slow growth, with official aid from the U.S., the main donor, expected to "decline somewhat" in the near-term.

Non-concessional flows from member-countries dropped to around $40bn from almost $48bn, owing to a sharp fall *in direct private investment* and a smaller decline in the volume of export credits.

Britain's official aid effort last year tumbled to 0.34 per cent of GNP from the previous year's high level of 0.52 per cent. An increase is expected this year but prospects after that are affected by the Government's planned spending cuts.

The new French Government has promised to boost its aid performance, after an increase last year to 0.62 per cent of GNP from 0.59 per cent. Among the "top performers" in the aid field, the Netherlands boosted its effort last year to a record 0.99 per cent of GNP but there was a slowdown in both Norway and Sweden.

Official aid from Opec countries rose to $6.2bn from $5.5bn but represented only 1.45 per cent of their income, less than the previous year.

Aid from the Communist bloc increased only slightly to $1.8bn—less than the total of grants from private voluntary agencies in the West, which rose sharply to $2.3bn from just under $2bn.

Developing countries' combined foreign debt stood at $456bn at the end of the year—16 per cent higher than a year earlier. Of the total, $354bn was owed to the countries represented on the Development Assistance Committee, including $126bn in export credits and $173bn in bank loans, bonds and other private lending.

Two countries—Brazil and Mexico — accounted for a quarter of the total debt, and half the total cost of debt service was shared between 10 debtor countries.

# Polish debt talks make progress

BY DAVID HOUSEGO IN PARIS

CONSIDERABLE progress was made by U.S. and European banks in Paris yesterday on resolving their differences about handling Poland's request for a commercial debt rescheduling.

Representatives from a 19-bank task force are working out details of what last night was described as "an integrated proposal" that would combine the U.S. and European approach. The meeting is to continue today in the hope of finalising a recommendation that could be put to the 460 creditor banks.

A European banker at the meeting said afterwards that "very favourable progress had been made." European banks have been ready to reschedule 95 per cent of the $2.4bn of payments falling due to banks between March 26 and the end of the year. Repayment would have been spread over 7½ years at a 1¾ per cent margin over the London inter-bank offered rate (Libor).

U.S. banks had rejected this approach, pressing instead for a six-month freeze on repayments of principal though Poland would continue to meet interest charges falling due. They felt the delay was needed to resolve the complicated issues involved in Poland's request for a rescheduling.

Bankers in Paris yesterday cautioned that last minute disagreements were possible. But they evidently felt that they had made more progress than had been anticipated.

It was not clear last night what would be involved in an "integrated proposal," but on first sight it would seem to combine elements of a freeze with some agreement on ways of proceeding towards a debt rescheduling.

The key meeting of commercial bankers comes only three weeks before the Polish Party congress and at a time of continuing deterioration in the country's economy. Poland has requested EEC governments for $500m of *new financial aid* to help service its debts. European heads of government are due to consider the Polish appeal at the European Community summit in Luxembourg next Monday and Tuesday.

# Kania vows support for Moscow

BY DAVID SATTER IN MOSCOW

POLAND'S Communist leader, Mr Stanislaw Kania, and other top officials, have sent a telegram to Mr Leonid Brezhnev, the Soviet President, vowing continued support for the alliance between the Soviet Union and their country.

The Soviet news agency Tass yesterday said that the telegram assured the Soviet leaders that Polish Communists would regard defence of Soviet-Polish friendship as their "loftiest duty."

The Tass report said that the telegram, which marked the 40th anniversary of the German invasion of the Soviet Union, was received from "Stanislaw Kania, Henryk Jablonski and Wojciech Jaruzelski," respectively the Party leader, chairman of the State Council, and Prime Minister.

In a rare departure from established Soviet practice, Tass did not identify the Polish leaders by their titles—a sign of the continuing Soviet displeasure with the course of events in Poland, where the movement toward reform in the party continues.

Tass said the telegram from the Polish leaders credited the Soviet Army with saving the Polish people from "extermination" at the hands of the Nazis during World War II, and added that the "new alignment of forces in Europe" was the main factor of peace in the past 36 years.

# French court backs move to extradite ETA terrorist

BY DAVID WHITE IN PARIS

THE NEW French Government has been placed in an embarrassing position over its policy towards Spanish Basque militants, following a court decision yesterday recommending the extradition of an alleged ETA terrorist to Spain.

The decision comes a week before a planned visit to Paris by Sr Leopoldo Calvo Sotelo, the Spanish Prime Minister, for talks likely to be dominated by the delicate Basque question.

Earlier this month M Claude Cheysson, French External Relations Minister, went to Madrid amid an outbreak of fury in Spain over France's treatment of ETA militants who take refuge on the French side of the border.

M Cheysson is believed to have reaffirmed the Socialist authorities' reluctance to extradite suspects, but to have given assurances about his Government's determination to stop terrorist activity from French territory.

A court in Aix-en-Provence, southern France, yesterday backed Spain's extradition request against Sr Jose Miguel Arrugaeta, a 23-year-old Spanish Basque charged with taking part in a hold-up attempt and a kidnapping in February, 1979. The final decision on extradition rests with the Government.

M Pierre Mauroy, the French Prime Minister, enraged Spanish opinion by implicitly opposing the principle of extradition, on the grounds of France's tradition as a land of *refuge. This came after* a similar court decision in Paris, calling for extradition of another alleged ETA man, Sr Tomas Linaza.

Extradition hearings for nine other Spanish Basques are due to take place in Pau, south-west France, on Monday.

# Romania plans to rein in its economy

By Paul Lendvai in Vienna

ROMANIA IS to cut its growth rate, reduce investments, increase consumer prices and freeze foreign borrowing. This programme of retrenchment forced on the country by severe economic difficulties, was presented yesterday by President Nicolae Ceausescu.

He also renewed his call for an East bloc summit of party leaders to discuss economic co-operation.

Mr Ceausescu revealed that the industrial growth rate target in the 1981-85 plan will be 7.6 per cent a year compared with the 10-11 per cent projected in the last five-year plan.

The annual growth of investments is to be held to 5 per cent and projects under way will have priority. No further increase in foreign debt will be allowed. According to recent Western estimates, Romania's net external debt topped $8bn at the end of last year.

# Thorn fires the starting gun for European Community reform

BY JOHN WYLES IN LUXEMBOURG

**The European Commission has confounded the sceptics by producing its proposals for Community reform before the June 30 deadline set last year. But the proposals are, in some cases, deliberately sketchy, and long and detailed negotiations lie ahead.**

M GASTON THORN, the European Commission President, wore an unmistakable air of triumph yesterday, when he unveiled the Commission's eagerly awaited blueprint for tackling the European Community's budget and agricultural problems and for developing new policies.

He and his colleagues had confounded the sceptics who feared they would fail to produce their proposals before the June 30 deadline set by member governments last year.

However critical the reactions in some national capitals may prove, the Commission is satisfied. But it also knows the report marks only the end of the first phase of a long and difficult process. More work will be needed to flesh out plans which are in some cases deliberately sketchy.

The proposals are, in effect, the starting gun for negotiations on:

- Detailed changes to the Common Agricultural Policy so that it ceases to consume 70 per cent of the Community's budget and so that it brings farm production more into line with actual market demand:
- Changes to regional and social policies so that areas of genuine social and industrial hardship benefit from higher community spending:
- A new financial mechanism prolonging indefinitely the artificial limits imposed for three years last year on the UK's net payments to Brussels.

Will the Commission's proposals prove an adequate basis for these negotiations? M Thorn was in no doubt yesterday, and neither was Mr Christopher Tugendhat, the British Budget Commissioner, who claimed the Commission's proposals contained everything that was needed.

Not all member states are bound to agree. West Germany, for one, will be extremely unhappy at the Commission's rejection of its claims to be paying an "unacceptable" net contribution to the budget, when equally prosperous Denmark and the Benelux countries receive more than they pay in. West Germany's payments were "unaccepted" rather than "unacceptable," said M Thorn yesterday. The UK, by contrast, is fairly content although it recognises the detailed negotiations will be tough.

The report appears to offer something for everybody. While Denmark and the Benelux countries will not greatly relish the Commission's somewhat radical proposals on the agricultural policy, they will welcome the emphasis on stepping up the pace of development of Community policies. Ireland will not be happy about the agricultural policy proposals, *but it would certainly gain* from the Commission's much stronger commitment to regional and social spending. Greece and Italy have the Commission's promise of detailed proposals for developing their Mediterranean agricultural output which in the past has not been as generously treated as the northern producers of the Community's six founders. The Commission document's basic approach is to urge an end to the uneven development of the Community, for which agriculture remains still the only genuine common policy.

The 24-page report argues the need for new strategies embracing new technologies, energy production and conser*vation, and development of the* European Monetary System to reduce differences of inflation and economic performance between member states.

While rejecting a narrow budgetary approach to European Community reform, the Commission concedes budgetary problems are an obstacle to development. The difficulty stems from the steady growth of spending on farm surpluses, pushing the Community ever closer to its budget revenue ceiling. The UK and West Germany oppose lifting this ceiling — based on 1 per cent of member states VAT contributions. The report insists the limit will have to be raised, but it does not say when.

In the meantime, the Commission proposes tackling the agricultural policy problem by eliminating the Community's open-ended guarantee to buy all farmers' produce, irrespective of whether it can be sold on the internal market. The method used would vary: production quotas for some progressively declining price guarantees for others, and possibly heavy taxes on the dairy sector, which produces much the largest surpluses.

Pricing policies would aim to bring Community price levels much more into line with world market prices. Since Community prices are generally much higher, this implies a drop in real returns to farmers. But the Commission says maintaining farmers' incomes would cease to be the agricultural policy's focal point. Those badly affected by the new approach — primarily small farmers—would be entitled, "in certain specific cases," to direct income subsidies, which the report implies would be paid by governments in line with Community criteria.

The Commission's definition of the UK's budget problem is that it stems from Britain paying around 21 per cent of the agricultural policy's costs but receiving only 6 to 8 per cent of its spending. It suggests, therefore, a mechanism to increase these farm receipts (the money would be spent on other policies in the UK), based on bridging the gap between Britain's share of Community gross domestic product and its share of farm spending.

The Commission offers no figures, nor does it suggest that the UK's net payments ought to be the same or *smaller* as under the current temporary arrangements. The UK's share of Community gross domestic product was around 18.3 per cent last year, and its slice of farm spending around 8 per cent. If the latter were brought fully in line with the former, this would imply a rebate of £550m, compared with the actual rebate for this year of £860m.

But the Commission is ready to change another mechanism to make it more effective in reducing Britain's gross payments. Together with the higher payments to the UK under the agriculture mechanism, this would give the possibility of pegging Britain's net payments to this year's level of around £450m.

The Commission suggests financing the special British arrangements either out of the Community budget or by a levy on farm payments to other member states (excluding Ireland, Italy and Greece).

The Commission says the special arrangements for the UK should run for "a limited period," but at least until Britain is clearly benefiting from the proposed increased spending on non-farm policies.

The UK will want to avoid a repetition of the bitter haggling of 1979-80 over its budget payments, but similar arguments over how much the UK should pay, and for how long, will have to be resolved.

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# High wage rises backed for blacks in Zimbabwe

By Our Salisbury Correspondent

A GOVERNMENT appointed commission of inquiry into Zimbabwe's economy has recommended sweeping policy changes which, if adopted, could force most black wages, including those paid by foreign companies, up 30 per cent annually over the next three years.

A report prepared by the nine-member Riddell Commission yesterday described ambitious plans by Prime Minister Robert Mugabe's Government to resettle 34,500 families on new land as inadequate. A further 185,000 families require resettlement, the report says, and this would mean buying up "much more land."

The commission, led by a British economist, Mr Roger Riddell, was appointed last September and its recommendations will now be studied by a Government working party.

The Government is not *committed to adopting the* commission's proposals but they are likely to be met sympathetically. The report is less radical than some Government supporters would like and there will be some relief in business circles at *the relative moderation of its* major recommendations.

A proposal to reduce food subsidies is bound to cause anxiety in the Government.

The thrust of the recommendations is aimed at alleviating poverty and wealth and income inequalities. The 330-page document sets out a comprehensive package of policies designed to achieve "growth with equity through planned change."

Besides calling for more land for resettling peasant farmers, and sharply higher minimum wages, the commission also calls for increased personal and corporate taxation, the introduction of a national social security and pension scheme, a restructured industrial relations system and the gradual phasing out of food subsidies.

Over the next three years, the report says, minimum wages should be increased gradually until they reach 90 per cent of the *poverty* datum line. Assuming inflation of 15 per cent a year this would imply wage minima rising at more than 30 per cent a year and more than 40 per cent a year in agriculture.

Rising wages would be accompanied by policies designed to narrow income differentials, via a system of job evaluation and grading, higher taxes on middle and upper income groups and a ceiling related to cost of living on pay awards to people in the private and public sectors earning more than Z$20,000 (£14,800) a year. With higher taxes, real incomes would fall.

The recommendation to phase out *food subsidies* will accelerate inflation, but the commission says Zimbabwe has the lowest prices in Africa for some of the highest quality basic foods *in* the world.

# Huang tries to patch up 20-year India quarrel

BY K. K. SHARMA IN NEW DELHI AND COLINA MACDOUGALL IN LONDON

CHINA'S Foreign Minister Huang Hua arrives in New Delhi tomorrow for talks on a series of divisive issues which both sides hope will continue the recent improvement of relations disrupted by the Chinese invasion of India in 1962.

Besides disputing their common border the two countries also differ on key issues such as the ambitions of the Soviet Union and the future of Indochina. Mr Huang is also expected to visit Sri Lanka and the Maldive Islands in a tour that is part of a new Chinese diplomatic initiative in south Asia this month.

Earlier in June the Chinese Premier Zhao Ziyang visited *Pakistan, Nepal and Bangladesh* to strengthen ties and reassure Peking's older friends that its improving relationship with India was harmless to them.

Concrete results from Mr Huang's talks are not expected since neither side is likely to *modify its attitudes, but an* improved atmosphere may result. Mr Huang is the first senior Chinese official to visit India since Premier Chou Enlai in 1961.

Vice-Chairman Deng Xiaoping outlined China's hopes for the trip when he told a visiting *Indian politician in April that* there was no fundamental conflict of interest between the two countries.

He said India should not feel threatened by China and that if conditions were not ripe for settling the border dispute which caused the 1962 Sino-*Indian war, other aspects of* normalisation might go ahead.

But the dispute remains a *serious stumbling block for* India. Mr Huang is likely to repeat Chinese offers of a package deal in which Peking gives up claims to territory on India's northeastern border *while holding on to areas in the* northwest claimed by India.

However this is not likely *to be acceptable. India insists* that the Chinese are continuing to occupy more than 14,000 square kilometres of Indian territory in Ladakh.

Public opinion has been whipped up to the point that no Indian Government can afford to be seen bargaining over an inch of Indian soil.

In the present talks, however, both sides may display some flexibility, since the Chinese have previously said that the border issue should be "set aside" if it cannot be settled. For their part *the Indians* appear willing not to make the border issue the focus of discussions at present.

The question of the Soviet Union and Vietnam will be almost as divisive as the border issue, since the Chinese Foreign Minister is certain to repeat the Peking view that Moscow is the main threat to peace, especially since the invasion of Afghanistan.

This view will not be acceptable *to* India, which maintains cordial relations with Moscow, though it opposes the Soviet intervention. The feeling is that Mr Huang will be trying to draw *India away from Moscow*. The Indian side has frequently hinted that improvement of relations with one country cannot be at the cost of another. However, the Indians are eager to demonstrate that they are truly non-aligned, and both sides could find common ground.

As difficult will be the question of Vietnam and Kampuchea. New Delhi recognises the Vietnamese-backed government of Heng Samrin, which China opposes. Mr Huang *last year postponed a planned* visit to Delhi when India announced recognition of this government. In 1979, Peking offended India by attacking Vietnam while the then Indian Foreign Minister, Mr A. B. Vajpayee was in Peking in the *first such contact since 1962.*

However, both sides have something to gain from better relations. India feels that the two largest powers in Asia could achieve much if they act together in trying to settle regional and global issues. China's interest is in seeing all south Asian countries improve relations, to counter Soviet *influence*. While nothing tangible may immediately result, it will at least be the start

## Peking willing to talk to Moscow

BY TONY WALKER IN PEKING

FOR THE second time in less than a week Peking has signalled a willingness to resume talks on improving relations with Moscow provided the Soviet Union makes substantial concessions.

Li Xiannian, a Chinese Communist Party Vice-Chairman, this week told a visiting West German delegation that China is willing to resume discussions on *normalisation.*

"We would like better relations with the Soviet Union. We want to continue negotiations on normalisation," Mr Li is quoted as saying to a delegation from Baden-Wuerttemberg.

Last week, People's Daily, the Communist Party newspaper, published a commentary setting out China's position on the long-standing Sino-Soviet border dispute, which invited Moscow to resume discussions — on *Chinese terms.*

The article was published on the day Mr Alexander Haig, the U.S. Secretary of State, left Peking. This suggested to some observers that Peking was subtly trying to tell the Americans that it was not locked into its relationship with the West.

Mr Li, who ranks number four in the Chinese Communist Party, said talks with the Soviet Union must be substantive and tackle the questions of Soviet troop *withdrawals from China's* border and from Afghanistan.

# Australia struggles to find a more flexible pay policy

BY PATRICIA NEWBY IN CANBERRA

AUSTRALIA'S six-year-old national pay policy may well *have been dealt its death blow* by the recent telecommunications dispute, settled outside the Government's wage-fixing guidelines.

As other public sector employees prepare cases for a similar deal, the Government has announced a "wide-ranging" national inquiry into wage-determination and industrial relations, to consider, among other options, a return to free collective bargaining.

The lobby groups are already preparing their cases.

The Australian Treasury believes the centralised policy should be abolished and market forces allowed to determine wages. *In the long run,* the Treasury says, labour would be encouraged to move from such inefficient sectors as manufacturing to such profitable sectors as construction, mining and mineral processing.

For example, over the years differentials for skill have become compressed and it is estimated that around 11 per cent of Australia's skilled tradesmen are employed elsewhere—as taxi-drivers, for example.

The Confederation of Australian Industry, which represents the manufacturing sector, prefers the centralised system, fearing that a return to collective *bargaining would lead* to wage rises similar to those experienced in Britain when its pay policy was abandoned.

The confederation admits, however, that the present system is not working, because there is no incentive for unions (or employers in profitable industries for that matter) to adhere to he policy.

The telecommunications dispute highlighted the Government's powerlessness.

The A$32 (£18.25) a week settlement reluctantly granted by the Government fell outside the national pay policy under which the Australian Arbitration Commission each April grants an automatic pay rise to the entire 6.6m workforce. This rise is fixed at 80 per cent of the rise in the cost of living for the previous six months. In April this year, the commission granted Australia's workers a pay rise of 3.6 per cent.

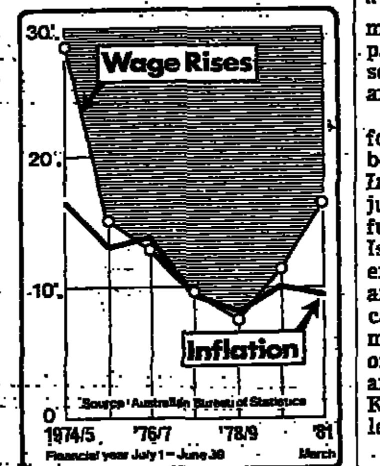
As the labour market tightens —unemployment has dropped sharply in recent months to 5.4 per cent—union demands can be expected to be stepped up.

Wages are outstripping inflation, and wages are linked to inflation. Wage rises in the year to March rose by 16.2 per cent compared with inflation of 9.5 per cent and real growth in gross national product of 4.3 per cent.

The main argument in favour of the pay policy is that it keeps wages down while maintaining "wage justice" by spreading pay rises evenly among stronger and weaker unionists.

It seems likely that the proposed inquiry will result in Australia keeping some form of minimum wage and nationally indexed pay rise to satisfy the egalitarian streak in the Australian community and the demand for "wage justice."

However, more flexibility will almost certainly be introduced to allow labour to move to profitable sectors and to reduce industrial unrest.




# Iranian Presidential election on July 24

By Terry Povey in Tehran

IRAN IS to hold elections for a new President on July 24 it was announced yesterday. The Prime Minister, Mohammed Ali Rajai, appears to be the leading contender and has indicated that he wil agree to run "if the people want me."

Iran's constitution stipulates that a maximum of 50 days can elapse between the dismissal or death of a President and the holding of fresh elections. The *speed with which these elections* are being held is also partly being dictated by a desire amongst the fundamentalists quickly to fill the vacuum left by the dismissal of Mr Abolhassan Bani-Sadr three days ago.

*Ayatollah* Mohammed Beheshti, head of the Supreme Court and Secretary-General of the fundamentalist Islamic Republican Party, said yesterday that the party would put for*ward* a common candidate with all groups of similar ideology. "There *is nothing to* stop a member of the clergy taking part," he said, "but neither myself nor our clerical friends are prepared to run."

Election candidates must inform the Interior Ministry and be approved as being "of *Iranian nationality and origin*, just, honest, virtuous and faithful to the principles of the Islamic Republic and its leader." Non-Shi'ites cannot run and the task of approving the candidates belongs to the 12-member Council of Guardians of the Constitution of whom six are appointed by Ayatollah Khomeini, Iran's spiritual leadleader.

Eleven more people were reported executed in Iran yesterday, including four leading members of the Bahai religious minority and five more supporters of ex-President Bani-Sadr.

# Syria insists Christians break off Israeli links

BY JAMES BUCHAN IN BEIRUT

ARAB Foreign Ministers attempting to consolidate Lebanon's fragile ceasefire met for the second day in Jeddah yesterday with Syria still adamant that the Christian Right wing parties in Lebanon must break off their links with Israel before any real discussion could be held.

The Foreign Ministers of Lebanon, Syria, Saudi Arabia and Kuwait and the Secretary-General of the Arab League, began their meeting on Tuesday to discuss security measures to buttress the ceasefire between the main Christian groups and the largely Moslem and Left wing parties backed by Syria, agreed at a conference in Lebanon two weeks ago.

The ceasefire has been frequently breached, notably at the eastern Christian town of Zahle, which has been under *almost daily bombardment* by Syrian troops of the Arab League peace-keeping force. This has in turn increased tension in Beirut itself.

Mr Abdul Halim Khaddam, the Syrian Minister, was reported in the Beirut newspaper Al Safir yesterday as saying that Syria "refused any conditions for ending the link with Israel." He said also that there were Israeli technicians in Zahle and that there could be no discussion until these were removed.

The Saudis, who are spearheading the Arab League effort, appear to want to press for a disengagement at Zahle as a first step, as a means to keep up the momentum of the peace effort and as "a pressing humanitarian problem" in the words of the Saudi ambassador to Beirut, General Ali al Shaer, quoted by Al Safir.

The other security measures, enshrined in a Lebanese Government working paper, such as a declaration over links with Israel or the form of a disengagement in Beirut can then be tackled at the next con*ference in Lebanon on July 4.*

The best that can be hoped at the moment is a renewed commitment to the ceasefire and an agreement at least to discuss the other security measures next month.



# AMERICAN NEWS

## Haig's discontent bursts out again

BY JUREK MARTIN, U.S. EDITOR, IN WASHINGTON

INTERNAL DISSENSION over control of foreign policy, an intermittent bane of the Reagan Administration since it assumed office, is far from over, according to officials close to Mr Alexander Haig, the Secretary of State.

Several reports yesterday from Honolulu, where Mr Haig touched down on his way home from his Far East tour, cited the Secretary's dissatisfaction with the work of Mrs Jeane Kirkpatrick, the U.S. Ambassador to the United Nations, with the National Security Council, with senior White House staff and even with elements in his own State Department.

Specifically, the officials criticised the way in which Mrs Kirkpatrick handled last week's negotiations which led to the UN condemnation of Israel's destruction of Iraq's nuclear reactor.

They said that Mr Haig was obliged to intervene twice, while in Peking and Manila, to ensure that the UN resolution was not too anti-Israeli. He even telephoned the Iraqi Foreign Minister in New York to try to work out language that Mrs Kirkpatrick was understood to have argued was impossible to obtain.

According to his aides, Mr Haig succeeded in deleting from the resolution references to sanctions against Israel and to other nations reviewing their arms sales policies. He was unable to remove the provision that Israel should pay reparations to Iraq.

More generally Mr Haig is portrayed as aggrieved that he left Washington with the clear understanding that the U.S. would not engage in substantive negotiations at the UN, only to find that when he was thousands of miles away the reverse had happened.

The same strain of discontent was apparent in reported comments that the Secretary of State remains unhappy and unimpressed with the role played by the National Security Council, which, in effect, won a power struggle with Mr Haig in the spring.

He is said to believe that the quality of the council's staff studies is indifferent, that Mr Edwin Meese, the residential counsellor who serves as intermediary between the Council and the President, is disorganised and concentrating mostly on domestic issues, and that, as a result, President Reagan is often badly briefed on foreign policy issues.

Certainly at his Press conference last week Mr Reagan appeared unfamiliar with several foreign policy issues, including the Middle East and nuclear non-proliferation. Other observers in Washington have remarked on the fact that the National Security Council seems to have become invisible and hardly provides the breadth and substance of views so noticeable in previous Administrations.

At the same time, some of Mr Haig's aides were also quoted as believing that the Secretary has not done enough to build bridges with other influential figures in the capital. His relations with the Cabinet were described as "poor" for example.

There were also complaints that Mr Haig seemed unwilling to accept advice from expert members of his own department with regional experience and, instead, was more intent on shaping policy in what were described as "reflexive" anti-Soviet terms.

The evidence of continued dissension and the often casual, disconnected manner with which the Administration seems to approach foreign policy is starting to attract critical comment at home as well as overseas.

Mr. James Reston, the New York Times columnist, yesterday wrote that the Administration's "misconduct of foreign policy is blowing up a storm." He said the multiplicity of voices who purport to speak for the President (who rarely speaks for himself) "is becoming a danger to the Administration and if it keeps on goading the Soviet bear, even a threat to peace."

Mrs. Kirkpatrick and Mr. Haig: not seeing eye to eye.

## Congress opposed to Saudi sale

A MAJORITY of both Houses of Congress is opposed to President Reagan's desire to sell sophisticated radar aircraft to Saudi Arabia, our U.S. Editor writes. Fifty-four of the 100-strong Senate, including 20 Republicans, have signed a letter to Mr. Reagan asking him to withdraw the sale, which requires congressional approval.

In the House of Representatives 224 of the 435 members, 54 Republicans among them, sponsored a Bill along similar lines. Senator Robert Packwood, the Republican from Oregon who made public the letter, said that even if Mr Reagan won enough converts to carry the day it would only be at an unacceptable political cost.

The Administration has yet to ask Congress for formal approval. It may do so next month. Congress will have 30 working days to resolve the issue once it has been submitted formally. Majorities against the sale in both Houses would be required for it to be vetoed.

### 'Mexico first' policy

Mexico may increase its oil exports to the U.S., but only if such a move would benefit Mexico, President Jose Lopez Portillo has said in a U.S. television interview, Reuter reports from Washington. "In a free market economy anything is possible," the Mexican leader said. But he added that Mexico's oil plans were based on its own financial, trade and other needs.

### Shuttle trimmed

The U.S. House of Representatives has voted to cut by $60m (£30m) the $2.19bn requested by the Reagan Administration for the space shuttle programme in the year beginning October 1, AP reports from Washington. Congress agreed to provide the first $5m instalment of the $30m needed to fund a space rendezvous in 1986 with Halley's Comet.

### Canadian warning

Canada plans to force oil companies exploring off its Atlantic coast to buy more goods and services from Canadian companies, Mr Allan MacEachen said yesterday, Reuter reports from Halifax, Nova Scotia. Mr. MacEachen said competitive Canadian suppliers would be found for the needs of oil companies.

## Reagan bids for public support

BY OUR U.S. EDITOR IN WASHINGTON

PRESIDENT REAGAN yesterday went over the head of Congress and appealed directly to the public to support his economic programmes.

In a speech in San Antonio, Texas, which will be followed over the next few days by addresses in San Diego and Denver, he said the economy could not be revived if Congress accepted only part of his proposals.

He told an audience of young businessmen: "If you believe, as I do, that we must end this cycle, then may I suggest that members of the Congress might be interested in hearing from you and a few million of your fellow citizens."

He dismissed the great social programmes enacted in the last generation as "good intentions run amok" and as "budgetary time-bombs set to explode in the years ahead."

Borrowing directly from a line he used so often in last year's election campaign, he said: "It's your money, not theirs. You earned it, they didn't, and its time they let you keep a bigger share."

Mr Reagan said he would accept no compromise on his 25 per cent, three-year cut in income taxes (though this is a pared down version of his original 30 per cent plan).

As his programmes are grinding slowly through the congressional mill, the rhetoric exchanged between the President and congressional Democrats has become sharper. Mr "Tip" O'Neill, speaker of the House of Representatives, was at his most caustic this week in an address to a steelworkers' convention.

Complaining about the propaganda campaign unleashed by the President and "his right-wing allies," the Speaker said: "We're going to wake up one day with this country destroyed. We've got to spread the word across America that what they're doing with the new programmes is for the selfish, is for the greedy, is for the affluent."

## Detroit votes for higher taxes

BY OUR U.S. EDITOR IN WASHINGTON

DETROIT HAS bucked the national trend to lower taxation and voted in favour of higher local taxes in order to stave off bankruptcy.

In a personal triumph for Mayor Coleman Young, the citizens approved by a three-to-two margin on Tuesday his plan to raise an additional $96m (£48m) in revenues to help close a budgetary deficit estimated at $120m this year and $150m next year.

The city split along racial lines, with blacks, who make up the majority, endorsing the tax increase by a wide margin and whites opposing it by about two-to-one. Mr Young, who is black and one of the nation's most distinguished mayors, had argued that necessary services in his depressed city could only be preserved by generating extra revenue.

Detroit has undergone considerable renovation in recent years. Its "Renaissance" convention and hotel centre is distinctive and the city played host to last year's Republican Party convention.

But it is also afflicted with inner city blight and high unemployment typical of many of the older industrial cities, exacerbated, in Detroit's case, by the decline of the car industry. The city's financial problems have been compounded by the Reagan Administration's determination to reduce the flow of federal funds to the cities.

## China loans depend on Congress

BY DAVID BUCHAN IN WASHINGTON

THE WORLD Bank has approved its first loans to China —$200m (£100m) to upgrade the country's schools—but disbursement of the money will depend on whether Congress authorises the $3.24bn U.S. contribution to the International Development Association, the World Bank's soft loan fund.

Two credits have been approved for China, which replaced Taiwan as a member of the bank and International Monetary Fund in 1980. One is at the bank's regular 9.6 per cent interest rate, and the other is a 50-year, interest-free loan from the IDA. But officials explained that neither could be used without the other because of a cross-utilisation agreement.

The IDA fund, designed for the poorest countries which often find it hard or impossible to raise commercial credit, ran dry of money earlier this year, because the U.S. has still not paid any of its $3.24bn commitment for the 1980-83 period. Voluntary advance payments from some of the industrialised nations kept IDA ticking over until this spring, but U.S. action is the key as no other country need make its IDA contribution until the U.S. does.

The Reagan Administration altered the timing of the U.S. contribution to IDA, so that it could save money in 1981-82 and make it up in the final year of 1982-83 in its latest three-year IDA replenishment. It has pleaded with Congress not to tamper any more with this, but so far committees on Capitol Hill have paid little heed and, in one instance, have pared the U.S. contribution to $1.9bn.

Clearly, the Administration will need to give the IDA plan a major push if it is to pass Congress. The China loans come in the wake of the Peking visit of Mr Alexander Haig, the Secretary of State, during which he offered to let the Chinese buy weapons from the U.S. It was also disclosed that U.S.-China security ties were tighter than had been supposed, with U.S. intelligence stations based in China to track Soviet missiles.

World Bank officials explained that the $200m conditional credit commitment was aimed at helping China restore some of the damage done to its schools during the 1965-68 Cultural Revolution.

China is expected to be a major recipient of World Bank and IDA loans. Its income per capita is low enough to meet the criterion for IDA ($625 per head), and its development needs are considerable. This has caused anxiety on the part of countries like India who fear that their bank and IDA loans will be diluted, unless the bank vastly expands its operations. Mr Robert McNamara, the bank's president who retires next week after 13 years, has advocated such expansion.

# WORLD TRADE NEWS

## Iraq and Britain sign trade pact

By Patrick Cockburn

IRAQ AND Britain signed an important economic and technical co-operation agreement yesterday after a year of negotiations.

The agreement should ease the path of British exporters to Iraq which is likely to buy more than £500m worth of UK goods this year, and is one of the fastest expanding markets in the Middle East. A joint commission is also being set up to discuss its implementation.

A previous attempt to sign an agreement with Iraq in 1975 foundered when political relations began to deteriorate. There was a year-long boycott of new contracts for UK companies in 1978, following the expulsion of 11 Iraqi officials from Britain.

The Iraqi bureaucracy, which controls almost all aspects of economic life in the country, is particularly sensitive to political relations with supplier-countries in awarding contracts, and the new warmth in relations between Baghdad and London should assist exporters.

Mr John Biffen, Secretary of State for Trade, is to pay an official visit to Iraq in October.

In addition to expanding commercial links with the UK Iraq is also extremely interested in acquiring British arms and ammunition.

Although Mr Hassan Ali, the Iraqi Trade Minister and a member of the ruling Revolution Command Council, who signed the agreement yesterday, denied that he had talked about arms supply with official or Ministers in London, military hardware is believed to be a prime concern of the Iraqi mission.

Since the war with Iran started, Iraq has made a number of approaches to Britain about the possibility of purchasing Rapier anti-aircraft missiles. The official Government reaction to this is that the supply of arms to Baghdad during a war would be a breach of neutrality.

The Soviet Sam-7 anti-aircraft missiles have not been particularly successful against the Iranian Air Force.

Before the war with Iran the Iraqi army was largely supplied by the Soviet Union, but since the start of hostilities, Moscow is believed not to have sent any new equipment.

Iraq has, however, purchased Soviet-type tanks and ammunition from East European countries, notably Poland and Rumania, and possibly also from Yugoslavia.

AP adds from the Hague: Iraq and the Netherlands have agreed in principle to develop jointly a 50,000-hectare agricultural project 60 miles south of Baghdad, the Dutch Government said yesterday.

The Dutch Agriculture and Fisheries Ministry said the Governments had signed a memorandum of undertaking in the Iraqi capital on Tuesday to proceed with planning for the project, expected to produce major contracts for Dutch companies. Final contracts could be signed before the end of the year.

## Ottawa summit will aim at trade peace, says Schmidt

BY JONATHAN CARR IN BONN

CHANCELLOR Helmut Schmidt of West Germany sees the main aim of the Western economic summit conference in Ottawa next month as the avoidance of an international trade war over the next year.

Herr Schmidt said here that the key achievement of the annual summits so far had been to head off trade protectionism and beggar-my-neighbour policies. This was the chief element this time too.

He made it clear the summit would also prepare for the North-South conference in Mexico in the autumn, discuss international monetary issues (including U.S. interest rate policy) and, informally, would take up broader political topics, expected to include Poland.

But the Chancellor strongly warned against exaggerated hopes that a new economic order could be born from a meeting lasting barely 48 hours.

It was important that leaders should get together periodically, learn of one another's concerns and seek to head off the most pressing dangers. More should not be expected.

Herr Schmidt's comments come at a time of growing fears here of a chain reaction of trade protectionism—which would put paid to German hopes of an export-led economic upswing, among other factors.

The German nightmare is of all-out European resistance to the Japanese export challenge, combined both with the erosion of the Common Market for goods in Europe and with U.S. pressure to cut trade with the Soviet bloc on political grounds.

Bonn argues that its own recent understanding with Tokyo on limitation of Japanese car imports this year has helped head off a much stronger rise of domestic protectionist sentiment —a case not wholly accepted throughout the rest of the EEC.

But the Germans also fear that unless quick accord can be reached to end national steel subsidies throughout the EEC—they may be forced to limit subsidised community steel imports. This in turn could bring action against German products in other member-states.

Finally, Bonn is concerned by the efforts of some on the U.S. side to politicise East-West trade still further and have the issue pressed in Ottawa. The deal most immediately at risk could be the German-Soviet gas pipeline accord now under preparation.

The Germans are arguing strongly in private that Washington's reunciation of the grain embargo against the Soviet Union is hardly a sign that politics take precedence over business in the U.S.

Reuter adds: NV Nederlandse Gasunie said in Gronigen, Holland yesterday that it is sure a final agreement will be reached between a group of Western European gas companies and the Soviet Union on delivery of an annual 40bn cu metres of Siberian gas. Price talks between Gasunie and the USSR had restarted an official said, but gave no further details.

## Honda-Peugeot motorcycle link

BY CHARLES SMITH IN TOKYO AND TERRY DODSWORTH IN PARIS

HONDA MOTOR of Japan and Cycles Peugeot of France have agreed to carry out a feasibility study on a plan to co-operate in the production of motor-cycles and mopeds.

Under the plan, Peugeot would supply two-stroke engines to be installed on mopeds produced at Honda's plant at Aalst, near Brussels, while Honda would supply four-stroke engines for a motor-cycle to be jointly developed with Peugeot.

The project would be similar to one already in existence between Cycles Peugeot and the Italian motor-cycle manufacturer, Piaggio. For Honda, it would be the first case of reciprocal supply of engines with a foreign manufacturer.

Honda hopes to conclude the study and sign an agreement to proceed with the plan before the end of 1981. Its Aalst factory at present produces around 80,000 motor-cycles and mopeds in two models. One of these would be fitted with the Peueot engine.

Behind these co-operation agreements lies a deliberate effort by the French group to take a bigger share of the small motorcycle business, now dominated by the Japanese in France as well as the rest of Europe.

Peugeot expects this sector to grow rapidly in the next few years, and is aiming to graft motorcycle production onto its sizeable moped and bicycle activities.

This division has a turnover of about FFr 2bn (£180m) generated by an output of more than 400,000 mopeds and well over 700,000 bicycles, as well as parts for the car group.

## Use own computers, USSR told

ESSEN — Krupp, the West German group of steel and heavy industrial companies, said yesterday that Soviet technology will have to replace U.S. computers planned for delivery to a steel mill project in the Soviet Union for which Krupp is general contractor.

Krupp's statement came after Soviet officials in Moscow criticised unnamed West German companies for defaulting on certain contracts in what was seen as an indirect reference to Krupp's failure to deliver U.S.-made computers to a DM 350m (£76m) steel mill project at Oskol.

U.S. authorities embargoed delivery of certain computer technology to the Soviet Union as part of Washington's response to the Soviet intervention in Afghanistan.

The Oskol contract was awarded to Krupp and other undisclosed Western companies in March, 1979. According to Krupp, the plant will have a capacity of 1.45m tons of steel annually.

Krupp officials are understood to be unhappy with the U.S. embargo, which makes the West German company formally responsible for the non-delivery of U.S.-made equipment under policies which the company cannot change.
AP-DJ

## Eximbank faces growing losses

BY OUR WORLD TRADE STAFF

THE U.S. Export-Import Bank (Eximbank) is confronted with growing losses and a deteriorating financial condition, the General Accounting Office, an investigating arm of the U.S. Congress, said yesterday.

The situation has arisen by the aggressive matching of other countries' export credit terms during a period of unusually high domestic interest rates. Costs of borrowing in the U.S. have been higher than Eximbank's lending rates.

The GAO report was requested by Senator William Proxmire of Wisconsin. He has argued that Eximbank is used to subsidise only the exports of a few large companies.

Eximbank has been on a spending spree which has completely ignored its mandate to consider the cost of its funds and thereby its self-sufficiency, Senator Proxmire claimed after seeing the GAO report.

But the U.S. Treasury, in a letter to the GAO, said the conflict between Eximbank's self-sufficiency and competitiveness is not the stark or long-lasting problem the report implies. The problem will ease as U.S. interest rates decline.

Eximbank's net losses in the year to September are expected to be about $10m (£5m) and in the year to September 1982 about $100m, Mr William Draper, the Reagan Administration's nominee for the Eximbank presidency, told the Senate Banking Committee.

But Eximbank's board would be urged to raise its interest rates, Mr Draper added.

## French group wins £106m order

BY OUR WORLD TRADE STAFF

A FRENCH consortium led by Société Générale d'Enterprise pour les Travaux Publics et Industriels (SGETPI) has won a contract worth approximately FFr 1.2bn (£106m) for the design and construction of a port at Damiette, on Egypt's Mediterranean coast.

The consortium's project consists of building six berths, an access canal, and port management buildings, and carrying out the necessary dredging. It also involves the supply of port equipment.

● ASEA, the Swedish heavy electrical engineering group, has won a $30m (£15m) order to supply and erect four turnkey sub-stations in Qatar. They are scheduled to be commissioned in 1983.

The contract from the Ministry of Electricity and Water forms part of the third phase of a project to expand Qatar's electricity transmission system. ASEA will supply 10 power transformers and three shunt reactors.

● Denmark is computerising its coastal radar system to provide better and faster surveillance for its own and Nato's navies, a Navy official in Copenhagen said yesterday. The Paris-based electronics company Thomson-CSF has been awarded a $14m (£7m) contract for the command and control system, for delivery in 1985, he added.

● Brown Boveri und CIE AG and its Swiss parent company BBC AG Brown Boverie und Cie said yesterday that they have won a DM 200m (£43m) order to supply electrical and power equipment for Libya's first iron and steelmaking complex.

The Austrian steelmaking company Voest-Alpine is the consortium leader for the DM 1bn turnkey complex, Brown Boveri added.

● CGE-Alsthom, a unit of the CIE-Generale d'Elétricité (CGE) group, said yesterday it had received an order worth $50m from the Peruvian power utility Electroperu.

## Swiss in talks on £147m credit for Egypt

BERNE — The Swiss National Bank has consulted the Swiss Government about whether to allow a SwFr 600m (£147m) credit to Egypt for installing an aerial defence system near Lebanon, a Swiss Government official said yesterday.

The funds would be advanced by the Swiss subsidiaries of a group of U.S. and European banks. But a capital export of that size, even by foreign banks, required the approval of the central bank which as a matter of routine, consulted with the Ministries of Finance, Public Economy and Foreign Affairs.
AP

## How the multinationals spread across the world

**DAVID LASCELLES, in New York, assesses a U.S. Department of Commerce study on the development of multinationals. The first report is based on information collected in 1977, but is intended to provide a benchmark for future studies.**

U.S. MULTINATIONALS continue to favour Britain as a base for their oveseas operations, judged by both the volume of assets they invest there and the number of people they employ. However, they pay their British employees half or even less what they pay nationals of many other industrialised countries where they do business.

These are some findings which emerge from a major study of U.S. multinationals released earlier this month by the U.S. Department of Commerce. The information for the study was collected in 1977, which means it is somewhat out of date. However, this is the first study of its kind the department has made in 15 years, and is to be the benchmark for more frequent updates.

The study covered 3,450 multinationals in all industries except banking. Together, they owned or were connected with 24,666 foreign affiliates who controlled $490.2bn in assets and employed 7.2m people. Spanning, as it does, a period of rapid multinational expansion which has since subsided, the interval between the two studies shows that employment by foreign affiliates grew at 3 per cent a year, compared to an overall U.S. employment growth of 2 per cent.

Not surprisingly, the study found that Canada had the largest proportion of the assets $86.2bn, followed some distance behind by Britain, Japan and West Germany. But Britain equalled Canada in employment (1.1m each), almost double West Germany, which came next.

However, the rates of pay show just how far Britain trails the industrial world. In several developed countries, including Canada, West Germany, the Netherlands, Norway and Sweden, pay in manufacturing was above $8.00 an hour. But in Britain it was below $4.00 an hour. Outside the industrialised countries the average rate of pay was under $2.00 an hour. The average for all the multinationals' employees was $5.00 an hour, which compared with $8.60 in the U.S. at the time.

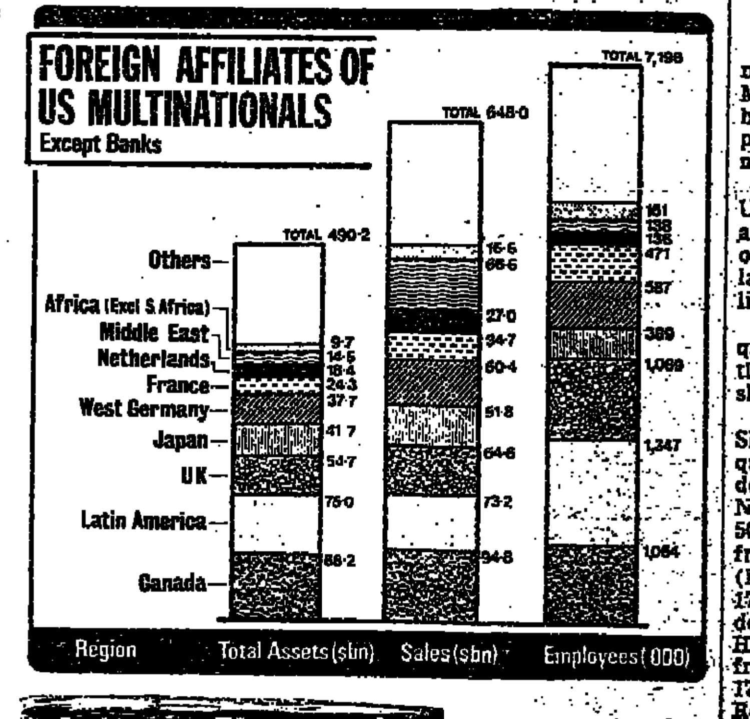
The relatively low rates of pay in Britain may have enticed some multinationals to locate operations there. But that advantage will almost certainly have been wiped out by the sharp rise in the value of sterling since then.

Most of the multinationals' overseas business lay in manufacturing in the developed world. More than two thirds of the workers employed by foreign affiliates fell into that category; more than 80 per cent of manufacturing assets were in developed countries, more than half of them in Europe alone, chiefly in Britain.

A more surprising finding, perhaps, was that less than a quarter (24 per cent) of petroleum affiliate assets were in the developing countries, notably the Middle East and Indonesia. More than two thirds were in developed countries, chiefly Canada, Japan and Britain.

The study also draws attention to the vital role multinationals play in U.S. foreign trade. U.S. exports associated with them were $101.8bn, which was 84 per cent of total U.S. exports in 1977. This figure includes both goods shipped by a parent to its foreign affiliate, and direct exports. Imports associated with the multinationals totalled $86.8bn, 59 per cent of all 1977 imports. Most exports were manufactured goods, but most imports were raw materials, mainly oil.

Finally, the study notes a sign of a changing world. In the 1966 study, nearly 85 per cent of the multinational's foreign assets were accounted for by majority-owned subsidiaries. By 1977 this proportion had declined to 75 per cent because of the growing emphasis by host countries on local participation. Countries where majority ownership was especially low included Japan (only 16 per cent of assets located there), Mexico (45 per cent), Spain (40 per cent), India (24 per cent) and South Korea (7 per cent).




## Japanese 'car companies told of U.S. quotas'

TOKYO — Japan's International Trade and Industry Ministry said yesterday that it has notified seven car companies of their quotas for shipments to the U.S. this year.

Last month, Japan bowed to U.S. Government pressure and agreed to hold down shipments over the next three years from last April, with the first year limited to 1.68m.

Ministry officials said the quotas have been computed on the basis of the companies' shipments in 1979 and 1980.

The national daily Yomiuri Shimbun estimated that the quotas will be: Toyota 518,000, down from last year's 563,000; Nissan 456,000, down from 500,000: Honda 347,000, down from 372,000; Toyo Kogyo (Mazda) 159,000, down from 174,000; Mitsubishi 114,000, down from 125,000; Fuji Heavy Industries 70,000, down from 81,000; Isuzu Motor 17,000, up from 3,000.
Reuter

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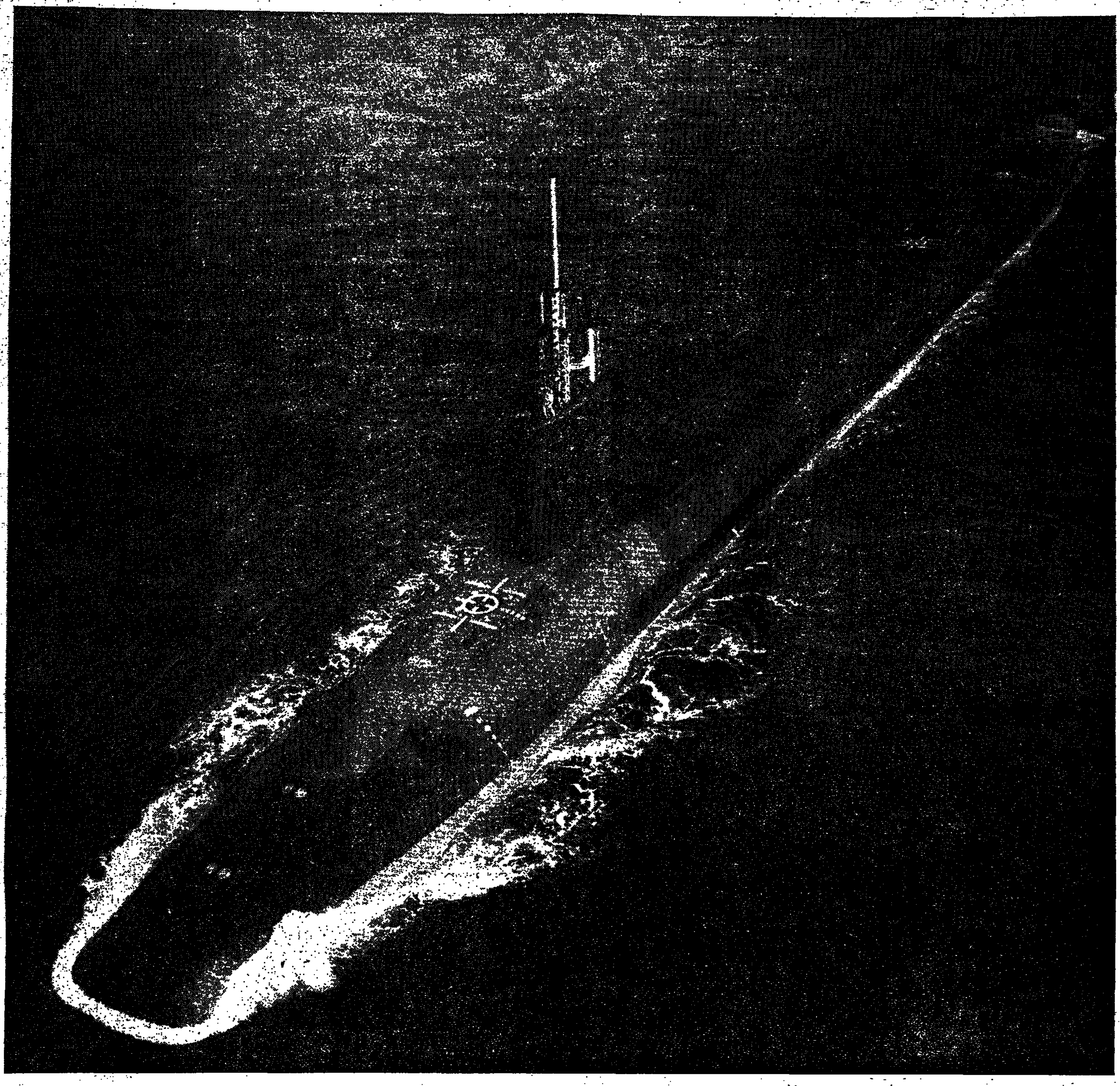

# TRIDENT GOES TO SEA

## AMERICA'S FIRST TRIDENT SUBMARINE, THE OHIO, RETURNED FROM SUCCESSFUL SEA TRIALS ON JUNE 20, 1981.

Trident is the free world's most important new strategic weapons system.
Designed and built by the men and women of Electric Boat.

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# UK NEWS

## IBM and BAe talks on satellite confirmed

By Guy de Jonquieres

INTERNATIONAL Business Machines and British Aerospace confirmed yesterday that they have been holding talks about satellite communications.

The two companies said the talks were at an early stage and no formal agreement existed between them. Both said they had been holding discussions with other organisations.

British Telecom also said that it has been discussing satellite communications with the Industry Department, British Aerospace and several other companies.

British Telecom said it had not received "a joint approach" from IBM and British Aerospace to form a partnership with them. But it is understood to be evaluating proposals advanced informally by the two companies.

Though British Telecom has apparently not ruled out the possibility of a joint venture, it is believed to have reservations about some aspects of the scheme envisaged by IBM and British Aerospace, which would provide sophisticated satellite links for business users in Europe.

British Telecom is already involved with continental telecommunications authorities (PTTs) in a project to start a similar service throughout Europe in 1983.

It is understood to be concerned about the response of the European PTTs if it joined forces with a powerful private sector operator like IBM. Other European countries might oppose such a service on the grounds that it violated their national telecommunications monopolies.

British Telecom is also believed to be seeking further clarification about technical details of the planned service, particularly on the satellite transmission capacity it would require.

## Small firms advice service 'created 3,500 jobs in 1980'

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

MORE THAN 3,500 jobs were created in 1980 by businesses which had been helped by the Department of Industry's small firms counselling service, according to a survey published yesterday.

The Government spent £1.8m on the service last year, which means that each job cost about £570. This is much lower than other estimates of the cost of government-sponsored job creation, which have put the figure as high as £15,000 a job.

Having received the survey, which was prepared by Research Associates, a Staffordshire consultancy, the Industry Department is implementing a £1m expansion announced in the Budget.

The number of part-time counsellers, mainly ex-businessmen, who provide managerial and other business advice from 11 regional centres is to be raised by about 50 per cent.

The possibility of providing more detailed advice is to be explored. An experiment is to be mounted in two areas to see if the counselling can be provided for larger businesses.

So far the businesses helped rarely employ more than 20 to 25 people. About 50 per cent are new firms.

The counsellers are paid £20 a day and the service's fees are to be raised to a flat rate of £15 for each session after an initial interview.

The consultants' report found that, although the counselling service had a generally bad public image, it was rated highly by its clients. The poor image arose from a widespread inaccurate belief that it was staffed by civil servants, not ex-businessmen.

"The main strength of the present counselling service is the men themselves and it is the availability of men of their calibre and the efficiency with which they are deployed which determines the scale of operation which can be considered," the survey says. "The return to the economy of any scaling-up of counselling is easily justified by the present research.

"It is certainly feasible to double the size of the present counselling activity without any structural changes."

The estimate of 3,500 jobs created in 1980 is based on a survey of 160 small businesses. About 140 of the 160 had been helped by the counselling service and 80 had used it extensively. They were in four areas —London, Birmingham, Nottingham and Manchester.

In the 80 businesses, at least 167 jobs were saved or created as a result of the extended counselling. If this was multiplied to take account of the total of 1,750 further counselling cases dealt with in 1980, a total of around 3,500 jobs should have been saved or created.

*The value of the counselling activity of the small firms' service. A report for the Department of Industry by Research Associates, price £15, from Department of Trade Library, Room LG 37, 1 Victoria Street, London SW1.*

● Approval was granted in the Commons yesterday for an increase to £1.6bn in the financial limits for expenditure under the Industry Act 1972. This will cover £120m guarantees under the Industry Department's small firms loan guarantee scheme and the £200m guarantee for ICL, as well as other spending.

Mr John MacGregor, Industry Department Minister responsible for smal businesses, said that 20 loans totalling £761,000 had been approved under the loan guarantee scheme, ranging from £8,000 to £75,000.

## Refreshing news for lager brewers

BY Gareth Griffiths

BITTER AND lager increased their shares of Britain's beer market at the expense of mild beers and premium bitters and stouts last year, according to the Brewers' Society.

In its annual digest on the brewing industry, Beer Facts 1981, the Brewers' Society says lager took more than 30 per cent of the beer market for the first time. Lager accounted for 30.8 per cent of total beer sales compared to 29.3 per cent in 1979.

About 10 million pints of bitter a day were consumed in Britain last year. Bitter remained the most popular type of beer, with 32.2 per cent of sales, an increase from 31.5 per cent in 1979.

A 10-year trend shows that while bitter has slightly improved its overall position, lager has increased its market share by more than three times. The main loser has been mild ale, which in 1971 accounted for 17.7 per cent of all beer sales, but by last year had shrunk to 11.3 per cent.

Premium bitter and stout have suffered almost as much, and the decline accelerated last year. These beers now account for 12.3 per cent of all sales.

Beer sales in 1980 were worth £5.65bn, the digest says, but consumption fell from 214.9 pints per head in 1979 to 205 pints.

● The European Economic Community's Commission should press for a Community definition of Scotch whisky, Mr Alasdair Hutton, the Conservative European MP for the South of Scotland, said yesterday. He criticised the mixing of low-proof French grain whisky with Scotch bulk malt exports to produce whisky which was weaker than that bottled in Scotland.

## Labour attacks 'arrogant' county association Tories

BY ROBIN PAULEY

THE strengthened minority Labour group on the Association of County Councils said yesterday that it will not tolerate the "gutless and arrogant" Tory style of leadership of the previous year.

One county, Derbyshire, has threatened to withdraw in September.

The association debated, at its annual meeting, a motion by Mr David Pettitt, a Nottinghamshire delegate, that it should make the strongest possible protest to the Government "against the continued attacks on the principles of local democracy as embodied in the Government's efforts to dictate local government spending levels."

The motion was defeated by 89 votes to 62. Mr Pettitt said the protest was probably the last chance to fight for local government democracy before it disappeared through legislation in the autumn.

Leaders of Labour councils which were Conservative-controlled until May's local elections criticised the association's behaviour when the Local Government Planning and Land Bill was passing through Parliament. The Bill contained new block grant provisions.

The association dropped its opposition to the Bill after its leaders made a deal with the Government ending the joint local authority association's stand.

Mr John Allison, South Glamorgan council leader, said the deal had dragged the association "into a mire of disrepute."

Mr Michael Cowan, a Nottinghamshire delegate, attacked Mr Ian Coutts of Norfolk, who had defended the Government's right to set local authority spending targets and had said councils had a duty to co-operate.

"Councils have a duty to represent their electorates and not to help the Government carry out its strategy. We have seen the arrogant way the Tories lead this association.

"There are a lot of gutless Conservatives here who will not speak in debate and who will not stand up to Mr Coutts."

## Nuclear waste 'is controllable'

BY DAVID FISHLOCK, SCIENCE EDITOR

THERE was no need for a scientific or technological breakthrough to resolve the problem of radioactive waste, Mr Michael Heseltine, Secretary for the Environment, told nuclear industry leaders in London yesterday.

Radioactive waste was a management problem and could be solved by the "systematic application of known technology and sound commonsense," Mr Heseltine told members of the British Nuclear Forum, the industry's trade association.

Public opinion had been led by critics of nuclear energy who had managed to put a stop to nuclear programmes in some countries.

But the public did not appreciate how much progress had been made in the management of nuclear waste.

Nevertheless, the industry could not afford to succumb to the temptation of thinking that "because radioactive wastes are out of sight, they can be pushed out of mind." It was not a problem that could be left for future generations.

"It is we who are receiving the benefits of nuclear power and it is consequently our duty to find the methods to dispose of the wastes effectively and responsibly."

Mr Heseltine stressed that the principle that "the polluter pays" applied just as much to the nuclear industry. It might involve the industry in "a good deal of expenditure."

He added: "But the cost will be modest in relation to the total costs of the nuclear programme, and will have only a marginal effect on its relative economic advantage."

In tackling the management of nuclear waste, Mr Heseltine asked the industry to keep three principles in mind. One was that nuclear systems should be designed and operated in such a way that they created no unnecessary or needlessly difficult wastes.

Another was the benefits of storing wastes under supervision while their radioactivity decayed, the advantages of which had been stressed by the latest report of his radioactive waste management advisory committee.

The third principle was to place emphasis where appropriate on final disposal, as the Royal Commission on Environmental Pollution had emphasised.

Mr Heseltine urged the private sector to involve itself more deeply in "the growing international market for radioactive waste disposal technology."

## Manchester 'going down the drain'

By Rhys David

A TOTAL of £60m needs to be spent to reconstruct 48.5 km of pre-1880 main sewers in Manchester City centre. Yet only about £1m a year is being allocated, Manchester's city engineer, Mr Geoffrey Read, warned yesterday.

He added that substantial sums are required for other parts of the city's system, 80 per cent of which is subject to potential dereliction.

Mr Read told an Institution of Civil Engineers Conference in London that at present levels of expenditure, the setwerage infrastructure in Manchester is deteriorating faster than repairs can be carried out.

He warned that the problems soon would begin to affect other cities and towns.

In Manchester's case there have been 50 sewer subsidences in the city centre since 1975. The major cause was the age of some of the structures and their relatively primitive engineering. There is a potential risk of vehicles falling in: the biggest hole so far was capable of taking four double decker buses.

Mr Read warned on the potential health hazard which could result from contamination of the water supply or flooding of property with sewage.

The North West Water Authority (for which Manchester acts as an agent) is unable to make available the necessary resources for the problems to be dealt with because of government restrictions on borrowings, said Mr Read.

Although the water authority recently has accepted the case for increasing maintenance expenditure — previously accorded a very low priority—inflation has eaten into this increased allocation.

So instead of being able to conduct a planned programme, Manchester is being forced to respond to crises. "Ultimately, the continuation of such an approach must lead to a major crisis and perhaps even to the breakdown of the complete sewerage system," said Mr Read.

He added that some steps are being taken to anticipate potential problems, including the use of closed-circuit television inspection of sewers. Also the city is co-operating with Manchester University to devise ways of inspecting the sewerage system

Mr Read concluded, however, that collapses would continue and he gave a warning of the fate that befell Rome: "At a time of high inflation it became impossible to levy taxes, and public works, including sewers, were neglected.

"The main outfall of the great sewerage system was blocked, the forum was flooded—more seriously, the pontine marshes were flooded, mosquitoes bred throughout the city, and there was an outbreak of malaria which left the population of Rome decimated. The barbarians came in and the dark ages supervened."

## Scottish move to attract biotechnology industries

BY MARK MEREDITH

ATTEMPTS are being made to attract biotechnology industries, an area of potential growth in Scotland. Biotechnology involves harnessing living organisms to industrial processes.

The organisers of a two-day "briefing" in Renfrew said that their function was a "missionary" one, to show opportunities for development to industry and finance. The conference was organised by the University of Strathclyde and the Scottish Development Agency.

With the successful campaign to attract micro-electronics industries to Scotland in mind, the agency is looking for industrial outlets in high technology. It has commissioned a study by Arthur Little, the U.S. industrial consultants.

The results of the survey are expected in the autumn, but there is enough confidence in the opportunities for Scottish industry and research to press on with the project.

The university and the development agency say that Scotland has proven experience in bioengineering, through distilling and brewing, and that there is a strong pool of scientists in Scottish universities who can carry out further research.

They think Scotland's mechanical engineering could be expanded to meet the demands for processing equipment, such as fermentation tanks, containers and other mechanical back-ups.

Health care, including production of medical supplies, is already a designate dhigh-technology growth area in Scotland, and there are hopes that the links between pharmaceutical firms and biotechnologists may bear fruit.

The development agency has a tricky task ahead to encourage Scottish companies to develop in the field while not discouraging large multinationals ready to set up a Scottish outlet.

## House building 'hampered' by stamp duty

By William Cochrane

THERE WAS a critical lack of confidence among potential house-buyers and many builders were convinced the spring upturn in housing starts could not be sustained, Mr Lynn Wilson, president of the House-Builders Federation, said yesterday.

He said the tentative recovery in private housebuilding output was being hampered by the level of stamp duty, an element in the high costs of moving house.

Mr Wilson urged Sir Geoffrey Howe, the Chancellor, to amend the Finance Bill in its passage through committee. Amendments to the Bill were likely to be taken in standing committee of the Commons shortly, the federation said.

Amendments tabled by Mr Peter Viggers, Tory MP for Gosport, if accepted by the Government, would:

● Raise stamp-duty thresholds from £20,000, £25,000, £30,000 and £35,000 to £33,000, £44,000, £55,000 and £66,000 respectively.

● Change the "slab" system, by which stamp duty is levied on the whole price, to a progressive "slice" rate structure.

Mr Wilson said the stamp duty imposed in 1974 on all houses costing more than 15,000 was in effect a luxury tax levied on only 16 per cent of houses purchased.

Raising the threshold to £20,000 in the 1980 Budget provided some small relief, he said. Inflation, however, had more than doubled house prices in the past seven years and, now, more than 50 per cent of all house purchases came into the stamp-duty net.

Moreover, in areas like London and the South-East where house prices had risen at an even greater pace more than 80 per cent of houses were now liable to stamp duty.

## Textile order increased

BY DAVID CHURCHILL
CONSUMER AFFAIRS CORRESPONDENT

THE AILING textile industry was given a vote of confidence yesterday by Marks and Spencer.

The company, which is the biggest customer of the industry, said it planned to increase total orders this autumn in anticipation of a sales upturn. Between August and December the value of clothes supplied by the domestic industry and sold through Marks will total more than £700m, at retail prices.

Marks urged other British companies to give similar support. More than 90 per cent of its clothes are made in the UK, with three-quarters of its clothes made with British-produced fabric. There are 385 fashion and other textile firms in Britain which supply Marks and the company says that as a result, many have been able to invest and improve productivity.

Marks also says it is aware of a special responsibility with about a third of the industry's 600,000 workforce dependent upon the policy of buying British.

Lord Sieff, chairman of Marks, yesterday called for imports legislation to be strengthened to bring the level of imports in line with the economy. He said that the regulations which controlled "dumped" or subsidised imports should be enforced more strictly.

This advertisement has been issued by British Sugar Corporation Limited

WE BACK THE INDEPENDENCE OF THE MANAGEMENT. THEY DON'T NEED BERISFORD, AND WE'RE HAPPY TO BACK THEM. THE PRICE IS NOT ATTRACTIVE, ANYWAY.

WE'VE CERTAINLY TAKEN THE VIEW NOT TO ACCEPT THE OFFER. BSC ARE DOING WELL AS THEY ARE.

WE'RE NOT ENTHUSIASTIC ABOUT BERISFORD'S BID, AND WILL NOT BE TAKING ANY ACTION.

# If you want the realistic view, ask the professional investor.

The three comments quoted above were all made recently by senior investment managers at major British insurance companies.

And - since these gentlemen are by definition concerned with the long-term performance of their policyholders' funds - they should make any British Sugar shareholder pretty sceptical about the claim (by Berisford) that accepting the Berisford offer is in his long-term interest.

The fact remains that British Sugar doesn't need Berisford. British Sugar is an industrial success story with good prospects ahead. The last thing it needs is to be taken over by a management with no relevant industrial experience.

That's why British Sugar employees, from Boardroom to shop floor, are united against the bid.

And that's why we ask you to continue to reject the bid; or, if you've accepted it already, to join the others in revoking your acceptance.

***REJECT THE BID***

**BRITISH SUGAR**
CORPORATION LIMITED
***THE RECORD SPEAKS FOR ITSELF***

*The publication of this advertisement has been approved by a duly authorised committee of the Board of British Sugar Corporation Limited. Each Director has taken all reasonable care to ensure that both the facts stated and the opinions expressed herein are fair and accurate. Each Director of British Sugar Corporation Limited accepts responsibility accordingly.*

## UK NEWS

# Howell faces fight over new nuclear chairman

BY DAVID FISHLOCK, SCIENCE EDITOR

GOVERNMENT plans to appoint as chairman of the National Nuclear Corporation a senior executive of one of its shareholders are likely to be fiercely opposed in some parts of the nuclear industry.

Mr David Howell, Energy Secretary, is expected to announce soon that Mr Frank Gibb, joint managing director of Taylor Woodrow, is to become NNC's new chairman while retaining his present post.

Sir John King, chairman of Babcock International, will become deputy chairman of NNC, which designs and builds nuclear reactors.

Mr Gibb was appointed acting chairman by the NNC Board last month, following the resignation of Mr Denis Rooney, who joined NNC last summer from BICC.

But strong objections to Mr Gibb's appointment as chairman, while remaining with Taylor Woodrow, are likely to be raised by both the NNC's customers—the Central Electricity Generating Board and the South of Scotland Electricity Board.

Taylor Woodrow holds 4 per cent of the shares in NNC.

The objections to Mr Gibb's appointment will be reinforced by at least one shareholder, Northern Engineering Industries, which persuaded Mr Howell 18 months ago to abandon a plan to appoint Sir John King as part-time chairman.

It was made clear there would be no objections if Sir John relinquished his appointment with Babcock and become full-time chairman.

Critics of the idea of a part-time chairman drawn from inside the company claim that, no matter how good a manager he may be, he could not command enough authority to unite and motivate a divided and under-resourced company.

The Department of Energy is already considering a plan to bring more resources to bear on one flagging project, the Sizewell B pressurised water reactor. Dr Walter Marshall, chairman of the UK Atomic Energy Authority and an NNC director, may become "moderator" of the project. His role would be to determine, for example, just how far the designers were justified in attempting to cut costs without jeopardising safety.

Once the Sizewell PWR project was through the critical two years or so ahead, and had survived the public inquiry, a leading engineer would take over the role of "moderator" of the project management.

# Barclays improves mortgage plan

BY TIM DICKSON

BARCLAYS BANK yesterday stepped up the home loans battle by announcing several new features of its mortgage scheme. In a move designed primarily to attract personal funds away from building societies, Barclays revealed:

- A new savings plan, whereby first time buyers who save regularly in a special Barclays account will be guaranteed a home loan after two years.
- A reduction in the rate of interest paid by some borrowers (though others will have to pay more).
- An increase in the sums available to all first time buyers and anyone buying a new property. They will be able to borrow 90 per cent instead of 80 per cent of the valuation or purchase price, up to a maximum mortgage of £40,000.

In addition the bank says it is halving the fee charged for fixing bridging finance (currently £40-£50) and will in future make valuation reports available to customers.

The most interesting feature of the Barclays package is the new savings plan, which is similar in concept to a scheme introduced recently by the Co-Operative Bank. Under the plan, available only to Barclays Bank cheque account customers, the minimum monthly saving required is £100 a month. After two years the total outlay (£2,400) will guarantee a mortgage of £10,000. Monthly savings of £250 will secure £25,000.

Interest on this money will be paid at the same rate of interest which is applied to the Barclays Bonus Savings Account—2 percentage points over the 7-day deposit rate, or 11 per cent gross at the moment. Withdrawals are not allowed during the two-year saving period, or thereafter until contracts are exchanged, if the home loan guarantee is to remain in force.

Barclays is also offering cheaper home loans for some. In future the Barclays Home Mortgage Rate, currently 14 per cent, will be charged on all repayment mortgages, including existing loans, between £10,000 and £100,000. Previously mortgages over £30,000 cost 1 percentage point over the rate.

However, borrowers who repay their loans by means of an endowment policy may be charged more in future. From now on all endowment mortgages will be 1 percentage point over the rate whereas previously endowment loans under £30,000 were at the standard rate. Endowment mortgages already granted or arranged will continue at the old rate.

Yesterday's move by Barclays is further evidence of the high street banks' determination to grab a bigger slice of the mortgage market. At the moment the banks' share is still small at 5.6 per cent (against the societies' 82 per cent) but this is expected to rise significantly in the next few years.

Over the past six months, for instance, Barclays, which has been the most active bank in this field, has agreed to lend more than £315m, a figure which is comparable to the amount of money committed to borrowers over the same period by the Abbey National Building Society.

The main focus for Barclays' latest marketing effort, however, is deposits. The bank realises that it is unable to compete directly with the rates offered by building societies and the guaranteed mortgage has been designed as a way of bringing in new funds.

Building societies usually have only informal arrangements putting regular savers at the top of the queue for home loans. At least one other high street bank, the Midland, is currently reviewing its mortgage facilities and could follow Barclays' guaranteed savings scheme. The societies themselves could also follow suit.

A spokesman for the Building Societies Association said yesterday that there was tremendous demand for mortgages which the building societies were still not meeting. "There is room for everybody in the market and increased competition from the banks will be good news for housebuyers."

# Shippers call for rate rises to be deferred

By Andrew Fisher, Shipping Correspondent

THE British Shippers' Council has called on shipping conferences to withdraw proposed freight rate increases or at least defer them until the economic position of exporters has improved.

The council, part of the Freight Transport Association, said yesterday that British industry was in such a state that shippers could not afford higher rates.

It has told two conferences—made up of shipping companies grouped on the main routes—that their proposed rate rises are unacceptable.

These are the UK/West Africa Lines, which transport about 2m tons of cargo a year to Africa, mainly Nigeria, from Britain and slightly more from the rest of Europe and the smaller UK/Fiji and Western Samoa Conference.

The former is still discussing what level of rate increases to bring in from September 1. The UK/Fiji and Western Samoa Conference intends to put up rates by 4.4 per cent from July 20, with the planned move from a sterling to a dollar tariff and the elimination of currency adjustment factors leaving the level nearly 9 per cent higher.

The council has already drawn attention to the higher rates paid by British shippers for exports than those charged on the Continent.

# Merrett Syndicates may petition on Lloyd's Bill

BY JOHN MOORE

MERRETT SYNDICATES, one of the largest underwriting managing agencies at Lloyd's of London, may petition against a parliamentary ruling calling for changes in Lloyd's Bill of Parliament.

A Commons committee ruled that the Lloyd's Bill should be amended to provide for complete divestment between brokers and underwriters and to preclude managing agencies (the groups which run underwriting syndicates) from acting as members' agents (the group introducing members to those syndicates), because of conflicts of interest.

Mr Stephen Merrett, chairman of the Merrett Syndicates and a member of the Lloyd's committee, told his members "the new issue raised at the committee stage, the enforced separation of managing and members' agents, would be regarded by this company as an entirely different matter.

"I do not think any real case has been made out against an agent performing both roles and it is our strong belief they are in many respects complementary. Should no alternative course emerge we would petition against this change."

Other underwriting agents are writing to their members in more forceful terms, urging them to vote against the parliamentary recommendationi requiring a divorce of managing and members' agency interests.

Meanwhile some Lloyd's brokers are considering petitioning Parliament over the requirement calling for divestment, which Lloyd's is reluctantly recommending to its members.

# Police finish Sasse probe

BY JOHN MOORE

THE CITY of London police fraud squad has completed an investigation into the affairs of the Lloyd's underwriting syndicate formerly under the management of Mr Frederick Sasse. A report has been passed to the Director of Public Prosecutions.

The investigation has been in progress since October 1978, and was instigated by the Lloyd's ruling committee.

The police were probing alleged accounting irregularities over the placing of Canadian fire risk business and U.S. fire business with the syndicate.

The Sasse affairs became the biggest scandal that Lloyd's has had to deal with in its 300-year history and the 110 members of the syndicate faced losses of more than £21m.

# Astor Spoons fetch £120,000 at Christie's

CHRISTIE'S realised £640,590 yesterday, in one of its most important silver sales since the war. Top price at the London sale was £120,000 for the Astor Spoons, a set of 12 Henry VIII apostle-spoons of 1536, bought by a London dealer.

They were sent for sale by Lord Astor of Hever and were last sold at Christie's in 1903, when they realised £4,900. The six lots from Lord Astor made a total of £289,000. They included a pair of Elizabeth I silver gilt tankards at £88,000.

## SALEROOM

BY MICHAEL THOMPSON-NOEL

Sotheby's sale of 19th century European paintings attracted £753,610, while its sale of the contents of Somerhill at Tonbridge, Kent, realised a two-day total of £440,137.

- A SET of 14th century French enamels found in the hoard of an eccentric Jersey antiques dealer, who dressed as a tramp, was sold to the British Museum for £74,000 yesterday.

This was the highest price for any lot in the five-day sale in Jersey of the estate of John Berger, who died in 1978, aged 80. The complete sale is expected to realise £500,000, on top of the £300,000 already realised by the sale of antique books.

Not all of Mr Berger's property was in fine condition—some paintings were damp and torn, others clawed by his cats.

# Waterways backlog hits £120m

BY LYNTON McLAIN, TRANSPORT CORRESPONDENT

THE STATE-OWNED British Waterways Board made a loss of £617,700 last year, the Board said in its annual report for 1980, published yesterday.

A cut in grants from the Government forced the BWB to curtail its planned programme of maintenance on canals and waterways. As a reslt it finished the year with arrears of maintenance and other items amounting to £120m at 1980 prices.

Maintenance works were postponed, strengthening works affecting public road bridges were delayed and little progress was possible with essential improvements to the head banks—containing water for topping up the canals—and to the discharge arrangements of reservoirs, the Board said.

It plans to continue to seek from the Government "adequate finance, assured over a period of years to permit the sensible forward programming of civil engineering works." The need for this work was identified in

## More UK news on Page 18

the independent Frankel report to the Government in 1976.

Figures show that canal freight services contributed £562,900 to the total costs of the BWB last year. The tonnage of freight handled on Britain's state-owned canals was 6.7m tonnes last year, a drop of 6 per cent on the previous year. However, the board said this fall in tonnage was less than that experienced in other transport modes.

Progress was made by the board on its improvement scheme for the Sheffield and South Yorkshire Navigation. The BWB joined the private Cawoods Hargreaves company to form Inland Waterways Carriers, with the aim of winning a contract to carry minestone waste on the Aire and Calder Canal.

The board's turnover was £14.47m last year, an increase of £1.36m on the previous year's performance. The Government grant to the BWB was £23.49m for the year.

The commercial, freight, waterways and canals produced £10.84m of revenue, compared with £11.58m from the cruising waterways.

The board asked that the external finance limit for 1981-1982 should be £39m but it revised this to £34.5m. The Government eventually agreed to only £31.7m.

# Finance for Industry to lend dollars

By Peter Montagnon, Euromarkets Correspondent

FINANCE FOR INDUSTRY, the industrial financing concern in which the clearing banks have a majority stake, plans to lend dollars to UK business.

The plan follows the successful launch by FFI of a commercial paper sales programme in the U.S. The programme has borrowed $85m under this programme out of a $100m ceiling.

Unlike its previous dollar-borrowing (a $30m five-year Eurobond floated in March) funds raised on the commercial paper market are not being swapped into sterling for on-lending to British business.

The decision to lend dollars arises from the freedom available to FFI after abolition of UK exchange controls. FFI is trying to gauge the extent of demand for foreign currency loans among its customers.

The U.S. commercial paper market, in which corporations lend excess cash for one day to nine months, is one in which UK institutions have shown increasing interest recently.

# Plea on mail order bank charges

BY OUR BANKING CORRESPONDENT

GOVERNMENT intervention to stop the swingeing increase in mail order companies' bank charges will be sought by a group meeting in London today. The increase is threatening thousands of jobs in the industry.

A group of MPs and trade unionists, representing Bootle and Bradford, home of some of Britain's biggest mail order companies, will meet Mrs. Sally Oppenheim, Minister for Consumer Affairs, and ask her to intervene with the banks on the question of the recent heavy increases in charges for mail order giro transactions.

Barclays Bank handles roughly 90 per cent of the country's mail order business and 40 per cent of its giro-credits represent mail order work. Until recently the bank charged virtually nothing for this service. At the start of June it increased its charges recoup some of the costs of its money transmission service.

substantially, in an effort to

The other high street banks are also involved, since many people use them to send money back to Barclays' mail order clients. Often customers write orders on the back of the giro-credits so, it is doubling up as a message transmission service as well as a money payments system. These banks have also increased their charges substantially.

# Report on sale of Observer out soon

A MONOPOLIES and Mergers Commission report into Lonrho's planned £6m acquisition of The Observer newspaper is expected to appear next week. The proposed transfer of the paper from Atlantic Richfield, the U.S. energy group, to Lonrho is likely to be approved.



# Call to end pension discrimination

BY ERIC SHORT

EMPLOYEES who change their jobs usually suffer a substantial loss of pension rights, compared with employees who stay in their employment.

A call to end this discrimination was made yesterday by the Occupational Pensions Board in its report* on protecting the pension rights of people who change jobs or leave employment for reasons other than retirement.

The board was asked in March 1978 by Mr David Ennals, then Social Services Secretary, to consider what further steps should be taken to protect the occupational pension rights and expectations of employees who change employment.

The question included the transfer of rights between pension schemes, to review the financial and other implications and to make recommendations. The report sets out the results of three years' deliberations by the board.

The report reviews why existing legislation to protect pension rights of early leavers is inadequate. Basically, the loss occurs because the pension entitlement from an employee's previous employment is based on his salary at or near the time of leaving. No allowance is made for changes in earnings or prices between the time of leaving and retirement.

In other words, the early leaver is penalised because of inflation. The problem of early leavers was spotlighted during the 1970s. The report says half the working population are members of occupational pension schemes and on average 10 per cent of them change jobs each year.

The report says early leavers should receive the same benefits for their years of pensionable service as those who stay in the same employment to retirement. But evidence to the board reveals a strongly-held view that pension schemes encourage stability of labour. Others feel that because setting up a company pension scheme is a voluntary action on the part of the employer, then the operation of the schemes should be voluntary.

The board felt evolutionary change was preferable to a radical alteration in existing pension scheme operations. It recommended that the existing preservation of pensions should be amended to allow for inflation.

Under the present system, an employee leaving service has a preserved pension based on his years of service with the employer and his salary at the time of leaving. Part of this pension, representing the equivalent earnings-related pension provided by the state scheme — known as the Guaranteed State Pension—is already revalued in line with national average earnings.

The board felt the discrimination would be ended if the non-Guaranteed State Pension part of the preserved pension was revalued in line with national average earnings. But, a majority on the board stopped short of making a full revaluation mandatory on pension schemes.

Instead, it recommended legislation to revalue the non-Guaranteed State pension at a maximum rate of 5 per cent each year and leave additional revaluation to the employer's discretion and to negotiations between employer and employees.

## Benefits

A minority of the board, including trade union members, favoured mandatory increases in line with earnings. They felt that if the Government were to introduce a ceiling, it should be not less than 8½ per cent each year.

The majority recommendations appear to be influenced by costs. Evidence to which the board paid particular attention was that better benefits to early leavers would mean poorer benefits to stayers.

The board made several investigations into the additional costs of its proposals, based on model pension schemes producing a pattern of cost increases for various types of scheme. It concluded that for the 5 per cent revaluation, additional costs to the employer would be 1 per cent of payroll for men and 2 per cent of payroll for women.

The revaluation recommended by the board would cease once the pension started to be paid.

The board accepted that if deferred pensions were revalued at 5 per cent, there would be strong moral pressure on employers to revalue pensions being paid by this amount—what the report refers to as the "knock-on" effect. This cost would be far greater than the cost of revaluing early leavers deferred pensions.

In its calculations on the model pension schemes a 5 per cent revaluation could cost an employer 18 per cent of payment to fund, while if the revaluation was 7½ per cent, the cost rises to 31 per cent of payroll.

The report discusses the alternative of transfer payments from one scheme to another when an employee changes jobs. The board encourages such payments, but says they are not the solution to the problem of maintaining pensions rights on change of job. It was also reluctant to make transfer payments obligatory on employers.

The report makes several practical recommendations including annual reviews of the revaluation of deferred pensions for early leavers, annual benefit statements and the proposal of a central registry so that employers and members can trace preserved pension from previous employment.

It recommended that the issue of indexed stock by the Government would help pension schemes to guarantee indexed benefits at a predetermined cost. Some members wanted the Government to issue indexed annuities.

- Mr Patrick Jenkin, Social Services Secretary, welcomed the report. He said the Government recognised the difficulties that would have to be faced if the proposals were to be implemented. The Government would consider the report and alternative approaches that might better protect the interest of early leavers. It would welcome any representations.

The Confederation of British Industry said the report gave rise to two immediate concerns. It did not believe that legislation was the right approach to the problem, and it had major reservations over the potential costs to employers and employees at a time of increasing cost pressures on pension funding.

The TUC urged the Government to implement the report speedily as a major step in providing an adequate income in retirement. It supported the minority view, and was disappointed that the majority had recommended a low 5 per cent ceiling. The pensions industry welcomed the report as a realistic view of the problem in balancing the rights of early leavers against the costs of improvement. The National Association of Pension Funds opposed legislation.

* *Improved Protection for the Occupational Pensions Rights and Expectations of Early Leavers. Cmnd. 8271 SO, £6.30.*

# Shorter hours move at Ford

BY NICK GARNETT, LABOUR STAFF

FORD was warned yesterday by Mr Ron Todd, senior negotiator for the manual unions, that a shorter working week must be offered this year as a trade-off for improved productivity in its "After Japan" efficiency proposals.

The unions will present a list of counter demands in August before negotiations start on pay, productivity and manning in September. The unions appear ready to negotiate on at least some of the "After Japan" proposals.

Mr Todd, who is national organiser for the Transport and General Workers' Union, said yesterday that shorter working hours was a critical issue for the workforce.

He had earlier told the union's biennial conference in Brighton that a 35-hour week must be a prerequisite of agreeing to new technology.

The prospect of support for an unexpected move to challenge the TGWU executive today on the Labour Party's deputy leader emerged yesterday.

*Union officials* have already ruled that emergency motions which would commit the conference to supporting Mr Tony Benn were not emergency motions and would therefore not be taken.

The leadership will reaffirm today that the question of the deputy leadership should be left to September's meeting of the executive after consultation with members.

This ruling is likely to be challenged by the Left today, after intensive lobbying this week. Considerable applause greeted Mr Bob Fryer, a BL convenor, who said that Mr Benn "had got to be supported by this conference for the deputy leadership of the party to make socialism possible *in* this country."

He was the only leader who had said he would carry out Labour Party conference decisions on socialist policy. Mr Fryer was speaking on a motion committing the union to supporting direct action against public sector cuts.

The motion was narrowly passed despite a strong appeal from Mr Alex Kitson, deputy general secretary, to reject it.

Mr Kitson, who seemed perturbed at the decision, said outside the conference that this could cause difficulties for the union. Mr Larry Smith, the union's executive officer, added that a union rule prevented it from supporting any "illegal" action relating to occupation.

# Rail unions in urgent talks over strike plea

*By Philip Bassett, Labour Staff*

BRITISH RAIL'S three unions have been called to an urgent meeting at which pressure is expected for strike action over cuts in services.

The meeting, which may take place as early as today, follows a meeting yesterday of the executive of the Associated Society of Locomotive Engineers and Firemen, the train drivers' union.

The Aslef meeting considered an instruction from its recent conference that the executive should take industrial action over the cuts,

The executive decided to seek an immediate meeting with the other rail unions "in order that a joint strategy on introduction, implementation and co-ordination (of industrial action) may be achieved."

Aslef *officials* immediately contacted the National Union of Railwaymen and the Transport Salaried Staffs' Association.

The drivers' union has prepared plans for one-day national *stoppages. There has been* unofficial action recently in various areas but mainly in the Southern region.

But there may be a demand for tougher action.

# Hit selective action, say employers

BY CHRISTIAN TYLER, LABOUR EDITOR

THE GOVERNMENT should not attempt further legislation against trade union immunities or the closed shop but act against selective strikes, the Engineering Employers' Federation said yesterday.

The EEF's views, endorsed at a meeting of its management board yesterday, are in sharp contrast to those of other employer bodies, including the CBI, to which it is affiliated.

The engineering employers say that to pursue the immunity line is unrealistic, given the political and industrial system.

It expects trade union militancy to revive once the recession is past, and the unions to be able to secure from a *Labour Government wholesale* repeal of laws they do not like. Mr Michael Foot, the Opposition Leader, virtually gave that guarantee at the Transport & General Workers' Union conference this week.

In its reply to the Government Green Paper on trade union immunities the EEF says that further inroads into those immunities could increase industrial strife.

It proposes other still far-reaching changes which it says would avoid the risk of "debilitating struggle in industry merely to make use of a temporary political advantage."

Employers whose business has been disrupted by industrial action of some workers should be able to lay off others without paying them, even if their *normal work is available. This* is aimed at selective action by small powerful groups such as computer-operators.

Secondly, they should have the same exemption if their business is hit by industrial action, for example in the docks, that has paralysed "large sections of the economy."

Thirdly, an employer who sacks his workers for going on strike should not be bound to take them all back afterwards, if he takes any back. At present a dismissed striker can go to an industrial tribunal and claim that he was unfairly dismissed if he is not taken back and others are.

The EEF is in tune with most employer and Tory opinion when it calls for early *legislation against union-only* labour contracts, but makes no proposals on the closed shop.

Though agreeing that union immunities are too wide, the EEF does not want them tackled now. Immunity should not be withdrawn from industrial action taken in breach of procedure agreements, it says, nor even if it causes great harm to the community.

"Secondary" industrial action and picketing should be kept under review, but the Government should be ready if necessary to allow redress against the act of picketing rather than against named pickets.

● Relations between TUC and CBI were damaged by CBI calls for fundamental changes, Mr Len Murray, TUC general secretary, said yesterday. The TUC *was about to work out in detail* with Labour leaders what repealing legislation would be needed,

# Conservative group in worker participation call

BY JOHN LLOYD, LABOUR CORRESPONDENT

THE CONSERVATIVE Trade Unionists Group, whose views on industrial relations are close to those of Mr James Prior, the Employment Secretary, has called for legislation to enable workers to participate in *management of their companies.*

Mr Tim Renton, MP for Mid-Sussex, president of the group, said that it could be brought in at the same time as laws to curb trade union power, to "balance" the legislative package.

Introducing a group pamphlet on participation, Mr Renton said that pressure was mounting from a variety of quarters *for legislation, and that he* thought a balance should be established by looking at enabling legislation on industrial participation.

Mr Prior, who wrote a welcoming if non-committal foreword to the pamphlet, has laid considerable stress in speeches on management's duty to involve workers in companies. He has not suggested legislation on this.

*The pamphlet, by Mr Ken* Daly, a member of the Conservative National Trade Union Committee, stresses that participative arrangements under legislation would be flexible, and could have a variety of elements suited to the company.

The suggestion is linked closely with proposals for wider share ownership by employees, and profit-sharing.

The document also mentions approvingly the Mondragon co-operatives in Spain, and supports work sharing as an antidote to rising unemployment.

# Editors to be pressed for 'right of reply'

By Our Labour Editor

PRINTING AND broadcasting unions are being encouraged by the TUC to ask editors for tohe right of reply for themselves or anyone else who feels they have been misreported.

Although the right of reply was said yesterday to be a matter of correcting errors of fact, advice from the TUC also talks about: "achieving a fair hearing for differing opinions."

Trade unions complain continually about the way their affairs are reported by the Press, radio and television and often accuse the media of political bias.

But their attempt to secure a right of reply could stir up considerable controversy.

The TUC general council yesterday adopted a statement of principle drawn up by its media working group. It will be sent to broadcasting authorities, newspaper proprietors and the Guild of Newspaper Editors.

The statement says that anyone whose views or actions have been misrepresented or misreported must be given the *opportunity to reply* in order to correct "harmful or damaging inaccuracies. The reply must be given equal prominence to that given to the original item.

# London ambulances may join stoppage

BY PAULINE CLARK, LABOUR STAFF

LONDON AMBULANCEMEN may join tomorrow's one-day national strike, despite earlier resistance to the national leadership's strategy of action over Government cash constraints on pay.

The 2,300-strong London group, which announced plans last Monday for a series of one-day lightning strikes, will continue to defy the recommendation by the leadership of their unions that emergency services be maintained.

They are also likely to stick to their separate policy of not giving warning before taking action.

The annual conference of the Confederation of Health Service Employees in Bridlington yesterday heavily defeated a motion calling for withdrawal of emergency cover in national strike action by ambulancemen.

A decision by London to stage strikes to coincide with national action would be welcomed by national union leaders.

The backing of the London group, working for the biggest ambulance service in the country, is considered essential to success of a co-ordinated campaign against the Government 6 per cent limit on funding pay rises in the Health Service this year.

The London ambulancemen largely failed to support the national day of action called on Wednesday last week, after a separate one-day strike on June 15 without emergency cover.

There were signs yesterday that local union leaders in London had modified their "go-it-alone" policy, though they fear that the national action strategy may prolong the dispute needlessly.

The ambulancemen have demanded a 15 per cent rise to preserve the value of their 1979 pay comparability award, and want recognition of their place alongside police and firemen in the emergency services.

Management has offered a joint review of ambulance pay, but ambulancemen say that the Government must first legislate to give them emergency status to release funds to finance the change.

Scottish ambulancemen continued their industrial action campaign outside the national strategy by further 24-hour strikes in Edinburgh and Aberdeen.

# Days lost in strikes down 40%

By Our Labour Staff

STRIKE ACTIVITY dropped sharply last month, according to Employment Department figures published yesterday. The number of working-days lost through strikes fell by almost 40 per cent. The number of workers striking fell by more than four-fifths.

The provisional total of 346,000 working-days lost through strikes was the lowest monthly figure since January, when the exceptionally low figures for the last six months of 1980 began to show a marked upturn.

The figure compares with the final April total of 574,000 days lost, a fall of more than 39 per cent. However, the final April figure is, unusually, considerably higher than the 535,000 provisional otal. Provisional totals are revised upwards usually but not normally by such a large amount as 39,000.

The major contributors to the total days lost included motor industry stoppages and the Civil Service pay dispute.

In its Gazette the department said the figures were *considerably lower than* last year and the 1970s generally.

The number of workers involved in strikes (a less reliable indicator of strike activity than is days lost) fell more sharply, by more than 84 per cent from the April total of 318,000 to the May figure of 49,000. The number of stoppages *starting* last month fell, from 113 in April to 70 in May.

# Action by air controllers hits Heathrow

By Our Labour Staff

FLIGHTS to and from London Heathrow airport were disrupted again yesterday in industrial action by air-traffic control staff *participating in* the Civil Service pay dispute.

The Council of Civil Service Unions said only about one-third of normal traffic was *handled. The* Civil Aviation Authority's figures were broadly in line with this. No air-traffic industrial action is set for today.

Lord Soames, Lord President of the Council, was jeered by Civil Service demonstrators as he arrived to take an honorary degree in Oxford. The report of the service's now-suspended comparability-based Pay Research Unit's steering board will be published today.

# BP pact ended

By Nick Garnett, Labour Staff

THE Transport and General Workers' Union has given three months' notice to the management at BP's Grangemouth refinery that it is terminating the 16-year-old operating agreement there.

The union, representing 900 process and day-maintenance workers, is also withdrawing *from the 18-month* pay agreement, reached only at the end of last year and which still has nine months to run.

The union has not threatened industrial action yet at the refinery, which handles the whole input from the North Sea Forties Field. This will emerge if the company does not start "serious" negotiations on pay before September.

# Clerks to study all-out call

—FINANCIAL TIMES REPORTER

A MASS meeting of Liverpool Corporation clerical workers will be held tomorrow to consider a call for all-out strike

This follows a breakdown in talks yesterday aimed at settling the month-long regrading dispute among 450 workers.

The typists, secretaries and machine operators, most of them members of the Town Hall union, Nalgo, are in dispute over a pay claim, with 80 of them on strike and rest working to rule.

The corporation's chief executive, Mr Alfred Stocks, met Nalgo officials for 90 minutes yesterday, but the union rejected a peace formula because "there was no extra cash on the table."

# UK NEWS – PARLIAMENT and POLITICS

## Government in spiral of decline; SDP a dead end, says Shore

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

THE GOVERNMENT is now in a spiral of decline and will not be able to pull out of it by the next general election, Mr Peter Shore, Labour's Shadow Chancellor, said yesterday.

Speaking to a Press Gallery lunch, he also dismissed the emergence of the Social Democrats as a "political" dead end.

According to Mr Shore, it is a "myth" that the Civil Service is an all-powerful institution which dictates Government policies.

In his experience of government, it was not true that Britain has an "over-confident and over-weaning" Civil Service. The truth was that senior civil servants were often harassed and uncertain of the right answers.

Mr Shore pointed out that the Government has less than three years to run before the next general election. It had started out with a clear view of the need to cut public expenditure and taxation.

Yet we were more heavily taxed than two years ago and public expenditure took 44½ per cent of total output compared with 41 per cent two years previously.

The extent of the Government's failure was obvious and he could see no possibility of it rectifying the situation. It was just possible that the Conservatives could be saved by North Sea oil but even this was not flowing in the way originally anticipated.

The country was being governed by the totems and taboos of money supply and the public sector borrowing requirement. A Labour Government used the public sector to reflate the economy and drive out the monetarist. It would "cut the shackles of the treaty of accession to the EEC and repatriate the British constitution."

Yet we could not solve the national problem by embarking upon an experiment with a third party—"it is a totally dead end, in my view—they are indeed a blind alley."

He emphasised, however, that Britain was "very much a mixed economy" and it was important that the Labour Party should decide in what direction the public sector should be advanced in future.





## Stevas demands urgent action on jobless

BY IVOR OWEN

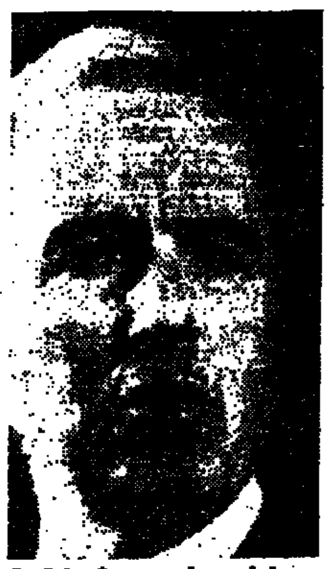
URGENT ACTION to reduce unemployment, based on selective expansion in the private and public sectors, was demanded last night by Mr Norman St John-Stevas (C. Chelmsford) who six months ago was dismissed by the Prime Minister from his post as Leader of the Commons.

In the strongest challenge to current Government policy yet delivered from the Tory backbenches, he stopped short of calling for a July Budget but pressed for early reduction in taxation to boost demand and for a ban on any fresh public expenditure cuts which could impede progress in reducing the 2.68m jobless total.

At the same time, Mr St John-Stevas insisted that he was not advocating a policy "U-turn" and agreed with Mr James Prior, Employment Secretary — who opened the debate by expressing "extreme concern and anxiety" about the unemployment situation — that it would be wrong for the Government to embark on general reflation.

Ignoring taunts from Labour MPs that his critical stance would be better suited to the Opposition side of the Chamber, Mr St John-Stevas made a return to the middle ground—even the "middle way" advocated by Mr Harold Macmillan in the 1930s—a recurrent theme in his speech.

Echoing an earlier warning given by Mr Edward Heath, the former Prime Minister, about the electoral dangers which will face the Conservative Party if it becomes identified as the "party of unemployment," he recalled how in the 1945 general election he found that those



St John-Stevas: cheered from the Opposition benches

who experienced unemployment in the 1930s acted as though it were "a stain" on their lives.

"It would be a major political disaster if that stain were allowed to re-emerge now," he declared.

Mr St John Stevas argued that monetarist policies and the free play of market forces, even if they added to the success which the government had already achieved in wrestling with inflation, could not be relied upon to bring a resurgence of economic growth.

"The situation is now so grave that a reduction of unemployment must be given a higher priority in government thinking and over the whole of the economic sphere," he insisted.

As Labour MPs nodded approval, Mr St John-Stevas maintained that the determining criteria in cutting Government spending must be whether it hindered or helped in reducing the total of unemployed.

"Ministers must concentrate on short-term and long-term measures which provide more jobs," he stressed.

To further cheers from the Opposition benches he appealed to the Government to adopt a different approach to the nationalised industries.

"I believe the time has come to move away from the idea that all public expenditure is bad and only private expenditure is wise," he said.

Roads and railways had a crucial impact on the future of British industry, and a cohesive public expenditure policy was needed which, if necessary, should reflect a "buy British" approach.

While making it clear that he was not suggesting a return to a formal incomes policy, Mr St John-Stevas claimed that the emphasis which the Government was rightly placing on the need for moderation in wage settlements indicated that it might be worthwhile to revive the idea of an industrial forum in which all the major institutions could be represented.

"We must not carry on giving in to those with industrial muscle, and not giving in to those without," he said.

Mr Prior was accused by Labour MPs of shedding "crocodile tears" when he described the mounting total of

Prior: accused by Labour MPs of shedding crocodile tears

unemployment as a serious problem and a tragedy.

Battling against a succession of interventions from the Opposition benches, he argued that the deterioration in the employment position in Britain had been a developing pattern which spanned the periods of office of both Labour and Conservative governments.

Britain had followed courses which had produced higher inflation and lower productivity than in the countries from which it faced the most severe competition.

Between 1975 and 1980, he said, unit labour costs had risen by 88 per cent in Britain, compared with 45 per cent in France, 36 per cent in the United States, 17 per cent in Germany and zero in Japan.

"Our unit labour costs priced us out of markets at home and overseas and if that happens you are priced out of jobs," he said.

Underlying the need for wage restraint, Mr Prior told protesting Labour MPs: "We shall get out of the recession a hell of a lot quicker if we keep our pay settlements down."

Leading the Opposition's attack on the Government, Mr. Eric Varley, Shadow Employment Minister, accused Mr. Prior of offering no hope for any early solution.

"He seems to be absolutely helpless and to have given up altogether," he protested amid Labour cheers.

Mr. Varley said the extent of the Government's failure was illustrated by its extraordinary achievement in turning the once prosperous West Midlands into an area which had unemployment problems which were on a par with those of Scotland.

He placed the main responsibility of what had occurred on the Prime Minister who had resisted the attempts made by Mr. Prior and other Cabinet "wets" to secure the change of course.

She has won control and is determined to keep this Government on course to economic disaster, he declared.

Mr. Varley called for a programme of controlled expansion which would include major modernisation of the railway system and a major drive to provide council houses for the 1,200,000 people now on the waiting lists.

## No comfort for The Blessed Margaret

By John Hunt, Parliamentary Correspondent

THE UNEMPLOYMENT debate in the Commons yesterday was one of those occasions when it was possible to learn as much by looking at faces as by listening to the words.

Labour Left-wingers seated below the gangway were grinning with delight and nodding their approval. Mr Edward Heath, the former Conservative Prime Minister, sat opposite them as immobile as a statue. One of the leading Cabinet wets, Mr Francis Pym, Leader of the House, gazed thoughtfully at the ceiling.

These reactions could mean only one thing—Mr Norman St John-Stevas, sacked as Leader of the Commons in January, was delivering another devastating critique of the Government's monetarist policies.

It was clear from his opening remarks that there was going to be nought for the comfort of the woman he used to describe as The Blessed Margaret.

Commencing with what he said was a "liturgical point," he demolished the quotation from St Francis which Mrs Thatcher had delivered from the steps of 10 Downing Street. It came, he said, not from the 13th century, but from a doctored 19th century version.

After all, if the Prime Minister was wrong on this keynote quotation, what other mistakes might she be guilty of?

Mr St John-Stevas developed his theme in a speech of a magisterial quality seldom heard from the backbenches. He warned that any government using unemployment as an instrument of policy would face "devastating and instant" punishment at the polls.

The situation was now so grave that unemployment must be given priority over all other aspects of the Government's economic policy.

The Government was acting on the assumption that a reduction in inflation would mean an automatic resurgence in economic growth. But, as he acidly observed, "this is a theory, not a fact."

Cleverly, he covered his tracks by arguing that he was only endorsing the arguments put forward by the other "constructive interventionist," Lord Thorneycroft, Conservative Party chairman.

Mr St John-Stevas's polished performance was the antithesis of the bucolic contribution with which Mr James Prior, Employment Secretary, opened the debate. Yet, his unstructured speeches—interspersing statistics with dollops of the more uncontroversial aspects of Conservative philosophy—seemed to go down well with his own backbenchers.

Mr Prior has certainly developed an unstoppable quality, as was shown by one of the passages in yesterday's debate.

Mr Prior: "As we emerge from the recession . . ."

Opposition: "When? When?"

Mr Prior: "I hope the Opposition will join in wishing that to be as soon as possible?"

More cries of "When? When?"

Mr Prior: "As we emerge from the recession . . ."

During these proceedings, the Prime Minister sat on the front bench, assiduously studying the notes for the speech with which she was to wind up the debate. As in Cabinet, she was making sure that she had the last word.

## Boundary changes will add 11 MPs

Financial Times Reporter

THE NUMBER of MPs would rise from 635 to 646 if provisional recommendations of the four National Boundary Commissions, which are completed today, were implemented without alteration.

The pattern of recommendations concludes today with proposals from the English Commission for Greater Manchester, the last outstanding area, and from the Welsh Commission for the eight Welsh counties.

—Provisional recommendations are already complete for Scotland (which would retain 71 seats) and Northern Ireland (up from 12 to 17).

Today's proposals for Wales would keep the present total of 36 seats, but only one would be unchanged — the Speaker's constituency of Cardiff West.

Among constituency names which would disappear would be Ebbw Vale, the seat of Mr Michael Foot. This is mainly in Gwent but partly in mid-Glamorgan.

The main section would form part of a new seat of Blaenau Gwent, to include parts of Abertillery and Brecon and Radnor, while the rest would go to a new seat of Merthyr Tydfil and Rhymney.

Among other names to disappear would be Mr James Callaghan's constituency title of Cardiff South East.

The English Commission recommends that Greater Manchester should have 30 constituencies, compared with the present 2 7and parts of 10 others.

Names which would go include Salford East (Mr Frank Allaun) and Salford West (Mr Stan Orme). Five of the Manchester divisional names would be retained, but Central, Mass Side and Openshaw would go.

The commissions are required to consider representations about their proposals and local inquiries may be held.

The proposals for Wales envisage retaining 16 of the present constituency names, although with some alterations in boundaries in all cases except Cardiff West.

These are: Aberavon, Aberdare, Caerphilly, Cardiff NW, Cardiff W, Carmarthen, Gower, Llanelli, Neath, Ogmore, Pembroke, Pontypridd, Rhondda, Swansea E, Swansea W and Wrexham.

Twenty existing constituency names would go, to be replaced by: Alyn and Deeside, Aberconwy and Meirionnydd, Abergavenny and Brecon, Blaenau Gwent, Bridgend, Caernarfon, Cardiff NE, Cardiff S, Ceredigion, Clwyd NW, Clwyd SW, Delyn, Gwent E, Islwyn and Pontypool, Merthyr Tydfil and Rhymney, Newport E, Newport W, Powys N, Vale of Glamorgan, and Ynys Mon and Bangor.

Greater Manchester would retain 15 existing constituency names and have 15 new ones.

Those retained are: Altrincham and Sale, Ashton-under-Lyne, Cheadle, Eccles, Hazel Grove, Leigh, the Manchester seats of Ardwick, Blackley, Gorton Withington and Wythenshawe, Oldham W, Rochdale, Stalybridge and Hyde, and Stretford.

The new names are: Bolton NE, Bolton NW, Bolton S, Bury N, Bury S, Davyhulme, Denton and Reddish, Heywood and Middleton, Littleborough and Saddleworth, Oldham C, Salford NE, Stockport, Wigan NW, Wigan SW and Worsley.

## Foot defeated in attempt to help Labour MPs dropped in re-selection process

BY MARGARET VAN HATTEM, LOBBY STAFF

MR. MICHAEL FOOT, the Labour leader, was defeated yesterday in an attempt to help Labour MPs dropped in the new mandatory re-selection process to win seletcion in the new constituencies.

Labour's national executive committee decided by 16 votes to seven not to change the rules which currently deny these MPs an automatic place on the short list for selection to new constituencies resulting from boundary changes.

Mr. Foot was one of six NEC members, including the deputy party leader Mr. Denis Healey, who supported a motion put forward by Mr. John Golding. They argued that introduction of the new re-selection process had deprived some MPs of an automatic right to a place on these short li sts, and that it should be restored to them.

However Left-wingers including Mr Eric Heffer, Mr Neil Kinnock, Miss Joan Lester and Mr Dennis Skinner overruled them.

MPs dropped by their old constituencies, they said, would still have a chance to stand if the selection process were extended into a second stage. But to give them an automatic place on the short list would discriminate against those MPs who had been dropped and who were not affected by boundary changes.

At the same meeting the NEC ordered the suspension of the selection process in the Birmingham constituency of Handsworth, pending an inquiry into alleged improprieties. These are understood to concern supporters of Mr. Rudy Narayan, a prominent spokesman for the black community, who is up for selection there following a decision by the sitting member, Mrs Sheila Wright, to retire at the end of this parliament.

The NEC also delayed endorsement of Mr Les Huckfield, currently member for Nuneaton, who has been selected in the Wigan con-

Foot: failed attempt

stituency pending an inquiry into complaints from the EEPTU.

However, the NEC endorsed the selection of Mr Albert Bore as candidate for Ladywood, in place of the sitting member Mr John Sever. An investigation by the national agen, Mr David Hughes, into complaints of impropriety have shown them to be unfounded, the NEC said.

Earlier the committee approved without debate a proposal for radical reforms in the honours system. It would abolish creation o fnew peerages, in line with the party's commitment to abolishing the House of Lords. However, some form of honours would be retained in order to recognise "outstanding acts or records of service without distinction on the basis of class or rank."

Commonwealth honours lists would also be retained if the countries in question wanted them; and honours conferred presently by the sovereign such as royal dukedoms might also be exempted on the grounds of the constitutional difficulties involved.

## MPs told of airlines' losses

BY LYNTON McLAIN

AIRLINE MEMBERS of the International Air Transport Association lost $1.5bn (£750m) on theh once lucrative North Atlantic routes over the past three years, British Caledonian Airways said in evidence to a committee of MPs yesterday.

These airlines had not broken even on their operating accounts since 1969. Mr John Prothero Thomas, British Caledonian's planning director told the select committee on trade and industry at its inquiry into cheaper air fares.

Intense competition and low air fares at a time of rising fuel and other operating costs had contributed to th poor results.

British Caledonian told the committee that in Europe, there was not question that some European airlines were inefficient. "Producivity was not as in the U.S., there was no incentive to go out and market the empty seats on aircraft to maximise the revenue."

However, European airlines also faced higher overheads than U.S. airlines. Mr Prothero Thomas said that the higher landing charges at Brussels, for example, compared with those at Dallas, in the U.S. amounted to an extra cost burden of £300,000 a year for the airline. This was equivalent to £4 on each passenger ticket.

Fuel was also cheaper in the U.S. by as much as 15 per cent to 20 per cent and if European fuel prices were the same as those in the U.S. up to £4 could be cut from each passenger ticket in Europe.

Navigation charges were also higher in Europe and this added another £4 to each ticket, making a total of at least £12 that could be cut from each European air fare if Europe had the same costs as the U.S.

## No total for university job cuts yet

Financial Times Reporter

TALKS ARE taking place between the Government, local authorities, and university officials to assess how many jobs must disappear when university spending cuts are implemented, Baroness Young, Education Minister of State, said yesterday.

But she told the Lords that it was too early to estimate how many people would lose their jobs when universities were forced to close or reduce departments radically.

"Reductions of the staff are indeed likely as a consequence of the implementation of expenditure plans for higher education," Lady Young said. "It really is too early to say what effect these plans will have on staffing levels."

The University Grants Committee has already said that it expects about 3,000 jobs to go over a number of years.

"Discussions are continuing with the University Grants Committee and the local authority associations. Until it is possible to arrive at a firm assessment, it would be premature to speak with precision about requiring a specific reduction in staff."

The universities should know within the next week what their allocations from the University Grants Committee would be.

Lady Young was speaking during a debate on higher and further education initiated by Lord Crowther-Hunt, a former Labour Education Minister.

Complaining of the "educational malaise" in Britain, he called for cash for higher and further education to be distributed more efficiently to produce highly qualified men and women who could meet new technological needs.

He urged the Government to achieve a better balance between arts and science subjects, so that graduates were equipped to meet technological demands and not just qualified in the arts.

## Criticism on state funding move

BY MARGARET VAN HATTEM, LOBBY STAFF

THE NORTHERN Ireland Department of Commerce (DOC) was severely criticised yesterday over its handling of negotiations to use public funds to rationalise the baking industry in the Province.

The Commons public accounts committee suggested that the department had been too ready to commit public funds to helping one particular company, Peter Pan Bakeries, and wrongly committed the Government to eventually paying out £250,000 to help with its closure costs.

The matter arose in 1978 when, in response to an earlier inquiry which showed the Northern Ireland baking industry to be 20 per cent overmanned, the department put up a plan to encourage bakeries to streamline their operations and to help with closure costs.

Despite warnings from the Department of Finance, which was unhappy about the DOC's proposals to agree in advance to underwrite shareholders, the DOC opened negotiations with the Northern Ireland Bakery Employers Council. This resulted in a £1.7m plan to bail out Peter Pan Bakeries. Taking into account the value of realisable assets this would have cost the taxpayer £900,000.

The Treasury rejected this plan, but later agreed that some assistance should be given because public faith had been pledged. A cheaper plan, costing £250,000, was subsequently put forward and accepted by Peter Pan Bakeries on the same day.

The committee, reporting on the case, said that Peter Pan's readiness to accept the lower offer showed that the £1.7m plan originally envisaged was "ill judged."

"We are disturbed," it said, "to note that the department proposed to underwrite the interests of the shareholders to encourage the directors to take a closure decision. We do not think that this would have been a proper use of taxpayers' money.

## Call for Cabinet Minister for London

A CABINET Minister for London who would co-ordinate policies for the capital and end the political inertia over transport and planning was proposed by the British Road Federation yesterday.

In evidence to the Commons transport committee, the BRF claimed that the Greater London Council had failed in its role as a strategic planning authority. None of the ministers with responsibilities for London had shown any perception of the special difficulties that faced the capital.

"A minister for London with a separate London budget would provide further impetus and resources and lead to a more effective co-ordination of policies" the committee was told.

The BRF said that London had not had its share of resources and had to make do with a road system inferior to other metropolitan counties.

London had 13 per cent of the population, but in 1979-80 spending in new roads was under £5 per head of population.

The BRF called for a £2.5bn programme of trunk and local roads.

## Priority for FM service in the autumn

FINANCIAL TIMES REPORTER

GROWING demand for Citizens Band radio and interference by illegal equipment means the Government's first priority is to establish an FM service in the autumn, Mr William Whitelaw, the Home Secretary, said yesterday.

This could be achieved only by using the frequency band 27.6 to 28 MHZ, offering 40 channels, which would be superior to anything being used in Europe, he told Sir Patrick Wall, Tory MP for Haltemprice, in a Commons written reply.

Mr Whitelaw said: "Because of the growing demand for a CB service and the serious situation which now exists through interference caused by illegal AM equipment, the Government's first priority must be to introduce a viable FM service in the autumn."

Mr Whitelaw said transmitter output power would be four watts. "The performance of such equipment would be superior to anything which has been adopted by our neighbours in Europe, and should match the performance and cost of illicitly-used American equipment."

Mr Whitelaw said he recognised the force of arguments that Britain should move towards eventual "Commonality" with Europe. The longer-term objective would be to adopt the recommended European specification.

Specifications for the service and that at 943 MHZ would be available from today.

CB radio, a step nearer, Page 11

# Watch out for the Smokey

BY ELAINE WILLIAMS

BRITAIN TOOK a step nearer the introduction of a Citizens' Band Radio system yesterday when Mr William Whitelaw, Home Secretary, outlined the final form the system will take.

Though it is likely to leave some of the half million or more illegal 27MHz amplitude modulated (AM) set users unhappy that the Government has not bowed to pressure to allow them to use their existing sets, manufacturers will now be able to go ahead with production plans.

For those still blissfully unaware, CB radio is quite simply a two-way personal radio system. With a transmitter installed in the car or in the home, it is possible to hold a two-way conversation — just as with a telephone.

It is used for accident and emergency communications, drivers exchange traffic information, and it is used for business communications or purely social chat.

Nearly 20 companies have applied to the Home Office for development and testing licences for Citizens' Band Radio sets to suit the British specification, of which nine have so far been approved.

Though big companies such as Fidelity Radio, Pye Telecommunisations, Ambit and Voxon have expressed interest in the CB market, they have not yet formally announced an intention to market.

Companies that have, include Binatone, Blaket-Parfitt, Shadow Communications, Adam Imports and Armstrad. Armstrad hopes that it will be able to sell about 200,000 sets when the service is eventually introduced in its first year of operation.

Armstrad is contracting out its design to a Japanese manufacturer and will import most of its sets in finished form. This is likely to be the pattern for many UK manufacturers because it is cheaper to manufacture sets outside the country.

In the first year of running the CB service, companies expect to sell about 1m sets, although saturation of the market is likely to be about 5m or 6m sets which will be reached in about five years time.

High street stores and mail order companies including *Woolworth*, *Rumbelows*, Grattan, Argus, Comet and Rediffusion have made arrangements with set makers for supplies as soon as the service is made legal. But already some small companies are advertising sets openly which they claim have been adapted for the UK market.

Since the Government announced its intention to introduce a CB system in January after its Green Paper entitled "Open Channel," there have been continuous rumblings of discontent from many quarters about the proposed service.

Customs and Excise officials have been fighting a losing battle over the quantity of illegal sets imported into the UK. The Home Office and British Telecom were concerned over the loss of their absolute control over the airwaves.

The police showed concern about the implications for crime, and manufacturers were disappointed about the choice of frequencies.

The Government plans to operate the service on two frequencies: one at the frequency of 27MHz frequency modulated (FM) with a range of between three and nine miles; the other at the far higher frequency of 934MHz with a range of between one and eight miles depending on conditions.

Many of the bigger manufacturers such as GEC, Fidelity Radio and Pye Telecommunications had hoped that the Government would choose a frequency of at least 40MHz or higher—but not as high as 934MHz which is largely experimental as far as mobile radio is concerned.

This would have allowed them to be free from competition from U.S. and Japanese manufacturers with their low cost sets, they believed.

Much to the illegal CB users' annoyance, the Government has chosen to issue a specification which is not common to any other country in the world—thus allowing some scope for UK makers.

The Government has decided that although CB will operate on 27 MHz it will operate in the sub-band of 27.60 MHz to 27.99 MHz to provide 40 individual channels. This compares with 26.96 MHz to 27.23 MHz used in the U.S. and Europe which provides only 22 CB channels.

In effect, this means that any CB radio already in use in the UK will be incapable of transmitting or receiving on the new frequency and will remain illegal.

CB pressure groups were also upset that the Government had opted for FM rather than AM transmission. Frequency modulation is technically more superior than amplitude modulation.

The Government intention in choosing FM was to reduce television interference and inconvenience to existing 27 MHz AM users such as hospital paging systems and radio control modellers. However, these users are now being moved to 35 MHz—out of interference range.

## Jargon of the airways

A big ten four: I really agree. Breaker-breaker: request to join conversation. Break to me: speak to me. Bears den: police station. Copy: I understand. Crank the handle again: repeat your name. Doughnut: tyre. Eyeball: face to face meeting. Fluff stuff: snow. Good buddy: fellow CB user. Jam sandwich: police car. Keep your nose between the ditches: drive safely. Modulating: transmitting. Ratchet: chat. Seventy threes and eighty eights: best wishes. Smokey: police. Wall to wall and tree top tall: very good reception. Walked on: someone transmitting at the same time. What's your 20? Where do you live?

Roger Taylor

THE Big Ears shop in Roman Road, Bethnal Green, has CB radios on sale



# Finished components from stock

WUNSCH SYSTEMAT multi-slide machines, capable of producing finished components automatically from metal stock, are being introduced in Britain by Hahn and Kolb's machine tool division. The design, which *has adopted a modular* approach, applies to simultaneous production of different components and to assembly operations. The machines can accept material in the form of coiled metal strip or wire. More information on 0788 74261.

## Agreement

HOLEC ENERGY, the Sussex high technology company, has *signed an exclusive agreement* with Charter Dundas Electrical Products of Glasgow under which the Scottish company is to provide an installation and maintenance service for Holec throughout Scotland.

Holec specialises in micro-processor-based energy saving control systems for buildings and industrial processes. More from 0403-69612.

# Eagle eye on the hazardous plants

BASED UPON work carried out by ICI scientists, GP-Elliott Electronic Systems of Wimbledon has developed an infra-red laser scanning system called Eagle that allows the whole of a petrochemical plant, refinery, drilling platform or any other potentially hazardous area to be kept under 24 hour surveillance from a single tower.

The importance of the system is that dangerous gases are detected at very high speed: the laser does not have to dwell very long at any point to make a measurement and so it can be scanned rapidly across the plant.

### Sideways

Because it can be scanned in a raster pattern in X and Y axes, the resulting data can be similarly displayed on a screen as a "television" picture overlaid say, on a mimic diagram of the plant to show precisely where a gas hazard has developed.

The speed of measurement also allows the equipment to be used on aircraft: a helicopter for example, could fly along a pipeline using a short sideways scan to look for leaks. Similarly, the superstructure of a tanker could be constantly surveyed.

GP-E claims that such a single location scanning system using lasers "has been proved immeasurably superior to thousands of single point detectors."

According to the company it could also be much cheaper. A fairly large installation might require 1,000 single point detectors at a cost per point of £1,000, implying a cost of £1m before taking signal processing and flame-proof installation charges into account. Point detectors also take three to six seconds to respond.

Basis of the measurement is the absorption of infra-red energy at specific wavelengths by specific gases and vapours, a technique already widely used in the laboratory in infra-red spectroscopy.

In such equipment, infra-red radiation is emitted down a tube in which the sought-after gas is known to be present and and at a wave-length it is known to absorb. A detector at the far end of the tube determines the transmission level, enabling the amount of the gas present to be measured.

The use of lasers allows the detection of gases "on line." A laser operating at the required wavelength produces a beam which scans the plant and some of the radiation is scattered from the ground to be picked up by detectors installed adjacent to the laser.

Scanning is by means of a two axis mirror system, the movement of the mirrors determining the X and Y coverage; the scanned area can be modified to suit the application.

Any gas in the beam causes the signal at the detector to fail. Accuracies of about one part per million can be achieved with a response time of 10 milliseconds.

The GP-Elliott system uses two lasers, arranged co-axially. One operates at the wavelength absorbed by the gas to be detected while the other is at a wavelength just outside the absorption peak and is not affected by the gas.

Comparison of the returned energies provides an accurate measurement which is unaffected by temperature, pressure, reflecting properties of the surfaces or dust in the beams. At all times the measurement is derived only from the difference of the returned levels of the two beams.

At a range of about 400 metres the spot diameter subtended by the beam is about one metre; the maximum range is about 1 km. The emitted power is five watts which, over a square metre, says the company, gives an exposure which is a great deal lower than that permitted on a health basis.

There are only two obvious disadvantages to the laser system. One is that only one gas can be detected by one laser—further systems, or shared facility multi-laser systems would be needed for more than one gas. The other *is that the beams cannot*, of course, look into buildings, so that single point gas detectors have still to be used indoors.

### Feather

Development of the GP-Elliott system is also a useful feather in the cap of one of the few British companies manufacturing lasers—Laser Applications of Hull, a company that co-operates closely with Hull University.

The device used is a carbon dioxide gas laser employing radio frequency stimulation. Operating with low voltages and using water cooling, the design has allowed the final GP-Elliott device to be about a tenth of the original size during developments.

GEOFFREY CHARLISH

# ..POINTERS..

## The truth

A VOICE Stress Computer designed to indicate the presence of stress in a subject during conversation is available from Group One Investments. By itself this pocket-calculator sized device is not a lie detector, but the company claims that with careful use the Voice Stress Computer will enable its user to deduce when a subject is not telling the truth.

It operates according to the presence or absence of inherent micro-tremors in a subject's vocal pitch. When a subject is placed under stress, the company says, there is a marked drop in the frequency of vocal micro-tremors and these are recorded. More on 01-734 2907.

## Instrumentation

VG ANALYTICAL states that the availability of the VG Analytical *Fast Atom* Bombardment Source has stimulated the need for instrumentation to combine the high mass capability needed for FAB analysis with the fast scanning requirements necessary for routine GC-MS.

Responding to this need the company offers its 7070oE medium performance instrument with a mass range appropriate to the FAB technique while achieving good GC-MS performance. More on 061-928-9474.

## Mitsui sales

MITSUI Machinery Sales has introduced a new Data Entry Optical Character Reader (OCR) which handles handprint and typescript pages at a rate of up to 45 per minute. More on 01-397-1642.

## Batteries

OLDHAM BATTERIES says that its new range for the commercial vehicle maintenance free battery market are doing well with operators. This, the company claims, is because of *reductions offered in servicing and downtime* and because the batteries cost the same as conventional ones. More on 061-336-2431.

## JOBS COLUMN

# After 600 years, we still have no answer

BY MICHAEL DIXON

IMAGINE yourself carrying home the Saturday morning's shopping in light rain across a big, windy common. Coming upon a couple of hundred people holding a religious service would be unusual enough to deserve reporting, wouldn't it? But the impression that the officiating priest was no less than the Archbishop of Canterbury would be so improbable as to demand an explanation.

The one that first occurred to the Jobs Column when undergoing the said experience on Blackheath Common the other weekend, was that it had perhaps overdone the conviviality the night before. But a quick check showed that it indeed was the head of the Church of England who was leading the service.

He was there to mark the 600th anniversary of the arrival on the same common to the south-east of London of the Kentish contingent in the Peasants' Rising. In going to Blackheath Archibshop Runcie differed from his 1381 predecessor Simon of Sudbury who coupled his primacy of the church with the chancellorship of the state under the young King Richard II. Archbishop Sudbury *sheltered* from the rebels in the Tower of London and when they forced its temporary surrender, was promptly *beheaded*.

But this difference seems to me less striking than one broad similarity in the conditions underlying the revolt of 1381 and those troubling the United Kingdom and several other countries today. The similarity is the existence of popular dissatisfaction with the state of the jobs market.

One of the main complaints of the poor of 1381 was that they not only had to work hard on their own behalf but also to do jobs for the wealthy who spurned any manual labour. Hence the rebels' slogan: "When Adam delved and Eve span, who was then a gentleman?"

The present tendency is for the relatively rich to have jobs and the poor to lack them. And political extremists are urging the unemployed to see their plight as the result of the refusal of the wealthy, in the shape of capitalistic interests, to supply them with acceptable jobs.

Even so, the galling fact is that today, after having six centuries in which to learn better, society is still being racked by the same damn thing—the problem of employment. Moreover although the present discontent has not led to a worse than metaphorical loss of heads, various powers-that-be are clearly aware of its potential destructiveness. Witness the (inevitably anonymous) senior official of the European Economic Commission who said recently that youth unemployment in particular was recognised throughout the EEC as a "powder keg," even though opinions varied as to the likely length of its fuse.

Meanwhile, on the question of how to extinguish the fuse, the EEC and its individual member countries seem to have few practicable ideas. The sharing of available employment among greater numbers of people seemed to be the main article of Eurocratic faith. But the European Commission's latest pronouncement indicates that even as a concept that suggestion has now undergone a bit of semantic dilution. The EEC Council of Ministers has evidently decided that the term "work-sharing" is too controversial for use in its formal discussions, and that it will henceforth talk about "the management of working time."

## Tinkering

Although noting that various countries are tinkering with means of managing working time so that more citizens have some, the EEC pronouncement indicates that such steps will almost certainly remain no more than tentative. The reason is that work-sharing and other remedies which have so far come into the official mind all founder on the same rock. It is that the gains in social stability offered by such measures would appear bound to be outweighed by the consequent losses as the economies of the countries concerned suffered a rise in production costs and a drop in their competitiveness in international markets.

It would seem that faced with this ostensibly irrefutable equation of self-defeat, politicians and economists have been effectively reduced to waiting for something to turn up. The only trouble is that numerous of them simultaneously feel that nothing likely to turn up will be enough to solve the problem. Take for instance the eminent English economist whom I lately overheard saying that any foreseeable economic recovery would almost certainly still fail to provide employment for significant numbers both of the youngsters left without jobs by the recession and of the older workers — particularly managerial types — made redundant.

The effect of that gloomy prediction on a column like this was of course discouraging. After all, when the pick of the political and economic experts seem at a loss for an effective solution, what could a newspaper commentary and its readers hope to achieve? Fortunately, before I could conclude that the answer must be "precisely nothing," there began a coincidence of events which raised a hope. It is that we might have some help to give even if only by examining the employment problem in other than the economic terms which have as yet apparently failed to offer a solution.

Part of the coincidence was the goings-on at Blackheath. Those made me think that one of the things we have not done since 1381 is to agree on what "employment" really means to us. We know we want it, for example, but are not clear what we want it *for*. So nobody can make a rational decision as to how much and what kinds of it are necessary.

The other coincidental event was a telephone call from one of the older jobless managers whom the eminent economist does not expect a recovery to re-employ. The caller's name is Reg and his friendly voice reminded me that the "significant numbers" talked of by the economist are really living beings with human faces.

That called to mind Solzhenitsyn's comment in the Gulag Archipelago that much harm has been done by the tendency to view people as digits in statistical tables crudely measuring how they have behaved. "Whether we like it or not," he added, "the future will force us to reflect on the reasons for their behaviour." Which sparked the thought that the behaviour about which economists theorise and politicians worry is not "theirs," but yours and mine.

So you and I may be able to help them by offering our reflections on our own behaviour.

My suggested definition of employment is "activity which some external agency requires and pays individual people to do as part of the division of labour." Although some amount of employment will accordingly always be needed to generate for us an acceptable standard of life in material terms, that amount has been reducing for years, at least in the Western world and seems likely to go on diminishing.

But some of us have nonetheless come to rely on externally provided work for far more than our material wants. And many of those who lose it are in consequence deprived of almost the whole justification for their existence.

Do we really want an economic organisation which so readily encourages over-reliance on employment? Could we not fulfil our other-than-material needs more expansively in other ways? If so, what kind of reorganisation would be needed to make the alternative ways more attractive? And what could politicians realistically offer to persuade the majority of us to accept the changes required?

What are your views on such questions? If you will send them to me, I'll be delighted to report them without—if you so ask—quoting your name. We might then be able to offer at least a bit of help, which is worth an awful lot of pity.

# Systems Appraisal

## Young CA

As part of its senior management development programme a public group, engaged in engineering, manufacturing and construction for the energy related industries, requires a young accountant to join their small and developing audit team. The appointment arises from promotion to a line position.

The emphasis of the appointment is on reviewing and recommending improvements to the systems of the UK engineering subsidiaries rather than routine checking. The function is highly regarded by local management who are encouraged to ask for special projects to be carried out. The policy of the group is to use the position as a training ground for transfer to financial or line management. Based in London, the appointment will involve some UK and overseas travel.

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It is envisaged that the position will appeal to an ambitious individual who now wishes to join a major firm and pursue a successful career in the Japanese Market. Remuneration will certainly be commensurate with ability or following.

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Applications, giving full details of career to date, including salaries should be sent in confidence to J.D. Vine, (Ref. RSVP/100), Vine Potterton Limited, Wakefield House, 152/153 Fleet Street, London EC4A 2DH. Please state, separately, any companies to which your application should not be forwarded.

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Candidates should be ACMAs with at least two years' post qualification cost and management accounting experience in a production environment using computerised information systems.

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The salary will be £15,000 negotiable and there are additional benefits, including a car, subsidised mortgage, non-contributory pension scheme and BUPA.

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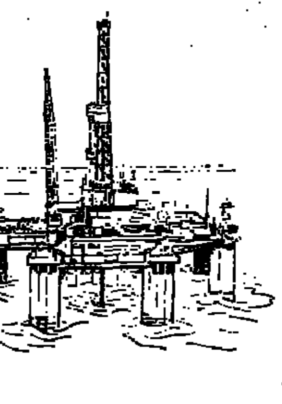

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PLEASE CONTACT
MIKE POPE or
SHEILA ANKETELL-JONES
01-236 0731

**Q.S. Banking**
*Recruitment Consultants*
*30-31 QUEEN STREET, LONDON EC4*

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### Investment Research Assistant

required by
Member of Stock Exchange
with substantial investment clientele

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## EXECUTIVE APPOINTMENTS

Top level executives on the move use Europe's most effective Career Planning and Executive Placement service. Our access to unadvertised vacancies, dynamic marketing, and knowledge of the employment market ensures success. Only Connaught offers a success-related fee structure to executives of proven competence.
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هكذا من الأصل

# International Appointments

INTERNATIONAL APPOINTMENTS ALSO APPEAR ON FOLLOWING PAGE

We are one of the leading international commercial banks with offices in the world's major financial centers.

The promotion of existing auditors due to the continued expansion of the Bank and its Auditing Department has led to the following openings becoming available:

## systems analyst (m/f) as a computer auditor

working as part of a highly professional multi-discipline team. primarily responsible for the evaluation of the effectiveness of systems and environment controls.
Other functions will include technical support to members of the audit team and the development of sophisticated computer assisted audit techniques.

Several years programming and analysis experience as well as a university degree are required.

## operational audit senior (m/f)

experienced either within large audit firms or within the internal audit departments of multi-national organisations and having some exposure to working in computer environments.
The successful candidate will have proven analytical skills and the ability to prepare concise and lucid reports in English.
Experience in a banking environment, though advantageous, is not a pre-requisite. A university degree is required.

Auditing plays a key role in the decision making process of the Bank and the successful candidates will be expected to make significant contributions to the further development of both the Audit Department and the operational and management systems of the Bank. Both positions require the ability to deal directly with all levels of management and are seen as providing the opportunity for future career development in management.

The functions will be based in Brussels and no travel is envisaged. Competitive salaries, commensurate with experience, are offered together with excellent fringe benefits.

Candidates are invited to send their c.v. to Mr. H. Weyns, Morgan Guaranty Trust Company of New York, avenue des Arts 35, 1040 Brussels, where it will be treated in strictest confidence.

**The Morgan Bank**
Brussels

## Investment Director

One of the most prestigious Middle Eastern banks seeks an outstanding individual to direct and coordinate its investment division.

Based in Bahrain, the candidate will manage a team of investment experts engaged in direct equity placements, security portfolio management and real estate investments in several major world markets on behalf of shareholders and clients.

The ideal candidate will have at least ten years experience in the investment field, a proven investment record, managerial experience, and should be fluent in English. A knowledge of Arabic would be highly desirable, and previous experience dealing with Middle Eastern companies would be useful. Overall, the firm seeks an individual of ability, reputation and integrity.

The successful candidate will receive an excellent tax-free base salary and performance bonus. Generous benefits include free furnished housing and car.

St. James's Corporate Consulting,
Box FT/686, St. James's House,
4/7 Red Lion Court, Fleet St., London EC4A 3EB.

# Senior Financial Vacancy

***London interviews conducted this summer for USA opportunity***

Our client is a billion dollar, Fortune 500 multi-national corporation in the industrial and consumer products field with headquarters in the New England area of the USA.

They have a senior level opening for a Group Controller with multi-divisional responsibility. You would be involved in developing and implementing procedures and practices in the accounting and auditing area.

You will require an ability to see not only the obvious but the more elusive grey areas and to impose your kind of structure and organization in the creation of a total financial system. One part incisive analysis, one part creative solution and the rest a management ability that means you can implement your design with the support of a team. Management of a group effort and skill in motivating participants in planned projects – as well as knowing how to align support for your innovative changes – make the management aspect of this position as important as the technical.

You would have relevant experience with a significant, multi-national retail consumer products organization. A background in either a manufacturing or marketing environment is essential. An in-depth understanding of the demands that rapid growth and expansion put on a company will help you manage our client's success.

If you like to take up a challenge – the bigger the better – and turn it into a personal success, this is just that kind of opportunity.

Your relocation to New England will be completely supported by this corporation; whatever assistance is needed will be supplied. The compensation will be commensurate with experience, capabilities and performance.

London interviews will be conducted by our client's CFO this summer. Please forward appropriate information regarding your personal and professional experience (noting compensation history) to Confidential Reply Service, Ref: 8215, Austin Knight Limited, London W1A 1DS.

Applications will be forwarded to the client concerned, therefore companies in which you are not interested should be listed in a covering letter to the Confidential Reply Supervisor.

An equal employment opportunity.

**Austin Knight Advertising** AK

## International Banking

### LEITENDER KREDITSACHBEARBEITER FÜR LONDON GESUCHT

**Mindestgehalt: £18.000 und die üblichen Zulagen.**

Unser Kunde ist die Londoner Zweigstelle einer bekannten amerikanischen Bank, deren Ansehen weltweit anerkannt ist durch ihre Expertise und das außergewöhnliche Format im Bereich ihrer Tatigkeit.

Die Bank wünscht für den Ausbau ihres Geschäftsbereichs einen weiteren leitenden Mitarbeiter einzustellen, welcher die Verantwortung für das Marketing von allen internationalen und Merchant Bank Dienstleistungen tragen wird für US-Tochtergesellschaften wie auch für bedeutende deutsche Firmen und andere internationale Konzerne, deren Absatzmärkte sich u.a. in Holland, Deutschland und der Schweiz befinden. Reisen dürfte ungefähr 25% der Berufstätigkeit ausmachen.

Wir stellen uns einen Bewerber vor, dessen Alter zwischen 28-35 Jahren liegt, der gleichzeitig im internationalen Bankwesen eine Erfahrung von mehreren Jahren sammeln konnte, und der mit Kreditanalysen, Geld- und Devisenmärkten, und dem allgemeinen Finanzwesen vertraut ist. Er soll sowohl über eine solide akademische bzw. berufliche Ausbildung verfügen wie auch Erfahrung im Bereich der Geschäftspromotion besitzen. Die Beherrschung der englischen wie auch der deutschen Sprache ist absolut notwendig.

Die Dotierung erfolgt entsprechend der Wichtigkeit der Stellung, und durfte nicht unter £18.000 liegen.

**Jonathan Wren** Banking Appointments

*Ihre vertraulich behandelte Bewerbung senden Sie bitte mit den üblichen Unterlagen an Roy Webb, International Division, Jonathan Wren & Co., 170 Bishopsgate, London EC2M 4LX. Tel: 01-623 1266. Sperrvermerke werden berücksichtigt.*

**EMPLOYMENT CONDITIONS ABROAD LIMITED**

An International Association of Employers providing confidential information to its member organisations, not individuals, relating to employment of ex-patriates and nationals worldwide.

01-637 7604

## General Manager Corporate Finance

Lagos Island — Highly attractive package

Our client, a leading Merchant Bank, with headquarters in Lagos, invites applications for the post of General Manager – Corporate Finance.

The successful candidate will report directly to the Managing Director and will be responsible for corporate finance activities of the bank and overseeing the bank's stock broking activities.

Applicants should possess a first degree in Economics, Finance or other similar discipline; a financially orientated M.B.A. and in addition have at least 6 years experience in investment banking and corporate financing, 3 years of which should have been in a managerial position. Previous experience in stock/debenture issues and/or funds management is essential.

Brief but comprehensive details of career, salary and experience to date which will be treated in strict confidence, should be sent within 2 weeks of this publication, to the address stated below quoting reference SR.466.

A personal contact address should be given in the application papers to facilitate hand delivery of mail if appropriate.

Replies will only be sent to shortlisted candidates.

C&L

Coopers & Lybrand associates

Executive Selection Division,
Coopers & Lybrand Associates Limited,
Management Consultants,
Abacus House Gutter Lane,
Cheapside, London EC 2V 8AH

## Management Opportunity
## Corporate Audit

**Frankfurt Based — Circa DM 70,000**

This challenging position has arisen due to promotion within a two billion dollar U.S. multi-national group. Responsibility is to the Audit Manager for the planning and reviewing of FINANCIAL and OPERATIONS AUDITS on finance, marketing, personnel and production control; SYSTEMS AUDITS using in-house designed audit packages; and LIMITED REVIEW AUDITS.

Approximately 50% of the year will be Frankfurt based with the remainder split between Scandinavia, Belgium, Holland, Italy and Switzerland.

Promotional opportunities to senior financial management are excellent.

You will be an ACA aged up to 32 with a good working knowledge of German or Swedish and sound experience gained either within a top professional practice or corporate audit function. Self-motivation, social awareness and the ability to succeed are the essential qualities required in this demanding but fulfilling role.

Telephone or write in confidence to M.J.R. Chapman quoting Ref: 5239.

**Lloyd Chapman Associates**
123, New Bond Street, London W1Y 0HR 01-499 7761

## PAKISTAN

### ASSIGNMENTS IN PAKARAB FERTILIZERS LIMITED
### MULTAN, PAKISTAN

*(A joint venture of Adnoc, Abu Dhabi and National Fertilizer Corporation of Pakistan)*

The plant is designed to produce 910 m.tons per day ammonia, 2 x 600 m.tons per day nitric acid, 1.015 m.tons per day nitrophosphate, 1,500 m.tons per day calcium ammonium nitrate and 220 m.tons per day urea.

An attractive opportunity is offered to experienced and capable personnel. Premium pay plus liberal benefits including free family accommodation, medical facilities for self and family, conveyance, two weeks' paid vacation every six months Initial assignment for 12 months which can be extended for another 6-12 months by mutual consent.

If you have an engineering degree with 5-10 years or a diploma with 10-15 years' experience in fertilizer, petrochemical or refinery plants in any of the following areas, this is the opportunity for you:

**1. CHIEF ENGINEERING (MECHANICAL)**

Overall responsibility for the maintenance of equipment, compressors, pumps etc. Organisation of planned maintenance system for day-to-day work and "turn arounds."

**2. PROCESS AND PROJECT MANAGER**

Organisation of technical services department for operations To recommend solutions to operating problems, optimisation of operations process design for modification of existing facilities.

**3. PROCESS MANAGER FOR NP & CAN PLANTS**

Responsible for optimum operation and prompt trouble shooting of NP and Can Plants.

**4. TURBINE AND ROTATING EQUIPMENT ENGINEER**

Responsibility for preventive and routine maintenance of high-speed rotating machines such as turbines, compressors, pumps etc. etc.

**5. MATERIALS MANAGER**

Responsible for organisation of the stores of the complex on modern lines, consisting of plant and machinery, spare parts, chemicals and allied stores material. Forecasting material requirements and establishing maximum, minimum and economic order quantities.

**6. INSTRUMENT ENGINEER**

Responsible for day-to-day maintenence of electronic and pneumatic instruments and to organise the training needs for instrument engineers and technicians.

Please apply immediately with résumé of qualifications and experience at the following address within one month of this advertisement:

MANAGING DIRECTOR
**PAKARAB FERTILIZERS LIMITED**
15-DYAL SINGH MANSION
SHAHRAH-E-QUAIDI-E-AZAM, LAHORE, PAKISTAN

## MERCHANT BANKING
## Baring Brothers & Co., Limited
## CORPORATE FINANCE

Barings are seeking one or two executives to join the bank's corporate finance team which operates principally in our London office, but also in the bank's own offices in New York, Hong Kong and Singapore and in affiliated companies in Australia, Malaysia and Nigeria.

The successful applicants will probably be graduates, aged between 24 and 30, with a professional qualification in accountancy or law or with a business school degree. Experience in corporate finance work in the City would be an advantage.

Applications, enclosing a curriculum vitae, should be sent in confidence to:—
Mr. Francis Carnwath
Baring Brothers & Co. Limited
88 Leadenhall Street
London EC3A 3DT

## LIAISON EXECUTIVE

Need Executive for Corporate relations with banking and project co-ordination experience with some understanding of Trading activities. Location Geneva, language facility English, French, German.

Able to act independently in liaison with major European Companies primarily interested in the Middle East to secure projects and established markets.
Appropriate Swiss Resident or permit C.

*Send offer with Curriculum Vitae under chiffre 0 18-115313*

PUBLICITAS P.O. Box CH 1211 GENEVA 3

## GROUP FINANCIAL CONTROLLER

**MALAWI — circa £12,000 plus 25% gratuity**

The Malawi subsidiary of a UK quoted company invites applications from Chartered Accountants with a minimum of three years post-qualifying experience to join the management team at the Head Office in Blantyre.

The successful candidate will report to the Managing Director and will be responsible for financial planning with a view to obtaining maximum utilisation of the company's resources.

Initially, employment on contract terms will be for a three year period with UK leave every 18 months. In addition to basic salary the remunerative package includes a 25% tax-free gratuity, air fares, housing, car and medical aid.

Two-thirds of net monthly salary is remittable and the gratuity, payable at end of contract, may be remitted in full giving ample opportunity for savings.

*Applications giving career details should be addressed to: Box A7546, Financial Times, 10 Cannon Street, EC4P 4BY*

# UK NEWS

## Truck-trailer demand may be half last year's level

**John Griffiths analyses the problems of a troubled industry**

THIS YEAR will be the UK truck-trailer manufacturing industry's worst.

Its leading companies predict that the size of this year's UK market will be 4,800 to 5,500 units, about half last year's level and only a quarter of that in buoyant 1979.

Even the precipitous 40 per cent fall in the UK market for trucks "proper," those of over 3½ tonnes, pales by comparison.

None of the three leading companies (Crane Fruehauf, York Trailers and Craven Tasker) expects any upturn till the middle of 1982 at the earliest. Meanwhile, the industry has witnessed drastic labour cuts, plant and company closures.

Crane Fruehauf, market-leader with a 46 per cent share, has cut its labour force by 40 per cent, reducing the total to 1,800.

In May it closed its platform trailer-making plant at Oldham, Lancs, transferring production to its Norfolk headquarters. More than 300 lost jobs. The closure came six months after it had shut down its smaller, truck body-making plant at Basildon, Essex, with the loss of just under 100 jobs.

York, the second biggest group, claiming a market-share of about 25 per cent, has pared its 2,000 workforce to 800 since the start of 1980.

Dyson, a long-established trailer-maker, went bankrupt last year, was taken over by the Ryland motors group and has since ceased trading.

Many small trailer-manufacturers, who traditionally have drifted in and out of the trailer market depending on how their other activities fared, have had no choice but to abandon the sector.

There are several main reasons why the downturn for trailers is that much steeper than for the vehicles which tow them.

Trailers are sturdy, fairly low technology units with a longer working life than trucks. Britain's haulage industry has been hit by recession, with more than a tenth of capacity laid up. Many operators are small, with limited capital. They rely on borrowed money. This in the past year has carried high interest rates.

### Lean years

As a result many have neither the need nor the resources to acquire new trailers. Further, in 1979 and early 1980 many hauliers had already made "catch-up" purchases after experiencing lean years in 1977 and 1978. Fleet purchasers, from supermarket chains to removals companies, in the grip of recession have had little incentive to replace units.

Two other factors have damaged the industry:

Trailer-rental has proved increasingly attractive to companies from outside the industry of the type earning substantial profits from activities involving low capital investment. The 100 per cent capital write-off allowances on trailers make them an attractive form of tax shelter.

Thus of the 15,000 trailers available for rental (the majority of which are in the 24-32 ton semi-trailer category, the trailer industry's bread and butter) about 8,000 are available on short-term rental. About half of these are lying idle. Mr Jeff Harrison, managing director of Trailor, says they can be rented for peanuts, further depressing demand from actual manufacturers.

Lastly—but an issue which in the past few months has seen trailer makers' attitudes change from one of concern to outright anger—has been the time it is taking the Government to decide (on the basis of the Armitage report) whether Britain will be allowed to move to higher gross-vehicle weights than the 32-tonne limit. A decision is expected in the autumn at earliest.

The inevitable consequence of that is that the haulage industry and other direct-users are delaying purchasing decisions.

The combined effect, according to Mr Jim Davies, managing director of the York group's export subsidiary York Trailer International, is that the home market has virtually collapsed.

Mr Harrison of Trailor, a wholly-owned subsidiary of the large French manufacturing group, says "we have in effect gone into hibernation.

"The British trailer industry is a remarkably resilient one. That showed up in the wake of the 1974 oil crisis. But that was just a cold shower. This time the contraction is for real. There must be a limit to the length of time some of them can hang on."

With the odd notable exception exports have offered little prospect of alleviating any domestic pressures. The strength of sterling has been an obvious deterrent. To that must be added trailers' particular difficulty, in that they are extremely bulky in relation to their value, such that freight costs of completed units are high, at least to Third World markets, which offer the best potential.

Europe should in theory present sizeable opportunities. The UK is the single biggest semi-trailer market in Europe but the total European market is probably three times its size. There is, however, a lack of precise statistics.

The trouble is that EEC officials are still far from reaching agreement on the harmonisation of a welter of varying national safety-and-type approval legislation. This has been a major deterrent to intra-EEC trailer sales.

*Crane Fruehauf*, a wholly-owned subsidiary of the Fruehauf Corporation of the U.S., is collaborating with other Fruehauf subsidiaries in Europe on pan-European designs but they are not yet a market reality. Meanwhile Crane Fruehauf exports about 20 per cent of its output to the Middle East, Africa and Scandinavia.

Such European potential as has existed has also dwindled with the onset of recession in major EEC states.

### Contracts

In the 12 months to the middle of last year York's export sales (only £6½m out of a turnover of £31m) were mainly of built-up trailers to Europe. Since then, says Mr Davies, these markets have faded from view. There are, however, glimmers of light amid the gloom, at least for York.

In the middle of last year it embarked on a major change of strategy which is now paying dividends.

York had to do something. In 1980 the group (which has eight companies active in the trailer field) made a loss of just under £4m against 1979 profits of £¾m. The 1980 turnover was already well down from the £39m achieved in 1979.

York hit on the idea of redirecting marketing efforts to exporting not complete trailers but their components and the expertise to manufacture them locally. Its salesmen moved on from Europe to the Middle East and elsewhere in the Third World.

The result is that this year, on an expected turnover much reduced again, to about £20m, the company expects £8½-9m to be provided from its new export markets.

Recent contracts include supply of design and manufacturing expertise for tippers in Saudi Arabia, with York acting as sole-suppliers for major components: similar contracts in the United Arab Emirates, Nigeria and Kenya; agreements for the supply of axles, suspensions and other components for local manufacture in Kuwait and Malaysia; and joint manufacturing projects in Brazil and India.

The operation would not have been possible were not York so vertically integrated. It makes, rather than buys-in, an unusually high proportion of its own components. Because of this, says Mr Davies, the company can provide as much or as little of a trailer as required, depending on shipping costs and the level of local expertise.

Even so York's new-found export markets can hardly be expected to make up all the ground being lost in the domestic market, as this year's predicted turnover of only half the 1979 level shows all too clearly.

The half-year results, expected at the end of this month, are unlikely to make York Transport Equipment of Toronto, the Canadian owners of the York group, change its mind about its intention, declared two months ago, to sell off its 62 per cent holding in the UK group.

If the short-term prospects for the industry look extremely grim there is also concern about the longer-term effects.

Deepening anxiety is being expressed that when the upturn does eventually come large chunks of the domestic industry will have become so weakened and truncated that they will be unable to take advantage of it, and that the upturn will merely open the floodgates to importers.

## Bank aids student travel

FIRST-YEAR full time students who open a current account with Lloyds Bank before October 31 can enjoy cheaper rail travel.

For the third successive year, British Rail has joined Lloyds in a scheme to offer a 50 per cent discount on a standard £10 student railcard. This entitles them to half-price rail travel for up to 15 months.

Those who do not want the railcard are offered a £5 token exchangeable for books or stationery.

Students opening an account with Lloyds will also be given a cheque card on receipt of their local education authority or Scottish Education Department grant cheque.

## Karrier raises speed of electric vehicles

BY PETER CARTWRIGHT

KARRIER MOTORS is to produce electric vehicles capable of matching the speed of normal traffic at the factory in Dunstable.

Europe's first traffic compatible trucks and vans will be for sale in October.

Karrier Motors is the new name of Dodge UK, the commercial vehicles arm of Talbot in which Renault Vehicules Industriels has taken a 50 per cent stake.

The electric vehicle, called the Chloride Silent Karrier, is based on the Dodge 50 series truck. It has a 50 mph top speed and sufficient acceleration not to impede conventionally-power traffic.

Initially, 20 vehicles a month will be produced on the same assembly tracks as diesel powered versions of the Dodge 50. Chloride has worked with Dodge and now Karrier for some years on the project, and provides the vehicles' batteries and electric drive systems.

About 71 Silent Karriers—some based on an earlier Dodge model—are already in service with electricity boards and National Carriers as part of trials which include the GLC-backed "London Goes Electric" scheme.

The models on sale in October have gross vehicle weights of 6.5-7.5 tonnes and can carry up to 2½ tonnes.

Production of the first 65 vehicles is being supported by a central government grant of £260,000, to lower the price by about £4,000 per vehicle.

Electric vehicles will cost more but have a longer working life, and cost less to maintain, than petrol or diesel powered trucks.

## Electric lorry trials soon

BY RHYS DAVID

CROMPTON ELECTRIC, the Hawker Siddeley subsidiary, is hoping to begin trials later this year of a medium performance electric lorry being developed at its Tredegar, Gwent, factory.

The company is one of the main suppliers of lightweight electric vehicles, used for milk delivery, internal hospital rounds and similar work, but has made only limited inroads into the market for heavier vehicles suitable for other types of town-based deliveries.

The first of the new vehicles is likely to be on sale next year and will have a payload of between 1.5 tonnes and 2 tonnes. They are expected to cost about £14,000.

Mr Peter Robinson, marketing manager of Crompton, said improvements in the efficiency of lead-acid batteries and growing interest from fleet operators, had encouraged development.

The vehicle would be able to reach more than 30 mph fully laden. Its minimum range would be 50 miles including up to 100 starts.



## COMPANY NOTICES

**THE PACIFIC FUND S.A.**

Société Anonyme
Head Office: Luxembourg, 37, rue Notre-Dame
Trade Register: Luxembourg B 7.825

**Notice of Meeting**

Messrs. Shareholders are hereby convened to attend the Annual General Meeting which is to be held on July 13th, 1981 at 10.00 a.m. at the offices of Kredietbank S.A. Luxembourgeoise, 43, Boulevard Royal, Luxembourg, with the following agenda:

**Agenda**

1. Submission of the reports of the Board of Directors and Statutory Auditor.
2. Approval of the balance sheet and the profit and loss statement and allocation of the results as at March 31st, 1981.
3. Discharge of the Directors and Statutory Auditor.
4. Receipt of and action on nomination relative to the election of Directors and Statutory Auditor for a further financial year.

The Board of Directors

**INTERNATIONAL DEPOSITARY RECEIPTS REPRESENTING SHARES PAR VALUE $2.50 COMMON STOCK J. P. MORGAN & CO. INCORPORATED**

A cash distribution of $0.775 per Depositary share will be payable on and after the 22nd July 1981 upon presentation of Coupon No. 43 at:—
Morgan Guaranty Trust Company of New York,
30 West Broadway,
(Corporate Trust Department, New York)
35 Avenue Des Arts, Brussels.
Morgan House, 1 Angel Court, London.
82 Frankrijklei, Antwerp.
at the designated rate, less applicable taxes.

This distribution is in respect of the regular quarterly dividend payable on the common shares P.V. $2.50 J. P. Morgan and Company Incorporated on the 15th July, 1981.

**EULA INTERNATIONAL B.V.**

**FLOATING RATE NOTE ISSUE OF U.S.$25 MILLION 1981/1989**

The rate of interest applicable for the six months period beginning June 24th 1981 and set by the Reference Agent is 17⅝% annually.

**EUROPEAN FERRIES LIMITED (CDRs)**

With reference to its advertisement of 1st June, 1981 the undersigned announces that the proposal to increase the authorised share capital of the Company has been duly approved, so that 121,354,954 New Ordinary shares of 25p each will be issued to holders of Ordinary Shares at the close of business on June, 3rd, 1981 at a price of 30p per share. The new shares to be issued will not rank for the final dividend of 3.45p per share for the year ended 1st January, 1981 to be paid after July 1st, 1981.

In order to enable CDR holders to exercise their subscription rights the possibility will be open to submit their subscription for new CDRs at the office of the undersigned in Amsterdam not later than Thursday, 2nd July, 1981, 12.00 hours.

In this connection div. cp. No. 7 detached from the existing CDRs has been designated for the exercise of the rights to the effect that surrender of 1 div. cp. No. 7 entitles to subscribe for one new CDR representing 100 Ordinary Shares of European Ferries Limited of 25p each cum. div. cp. No. 9 s.c.a.

(Div. cp. No. 8 has been designated for the final dividend 1980.) Subscriptions for new CDRs shall be accompanied by a payment of Dfls. 165 per CDR subscribed for, for settlement against the definitive subscription amount, due.

The cost of the issuance of the new CDRs incurred by the undersigned will be borne by the Company.

If on 2nd July, 1981, 12.00 hours, any div. cp. No. 7 should not have been surrendered for subscription the rights represented by such coupons will be sold in London and the proceeds thereof will then be made payable on such still outstanding div. cp. No. 7.

AMSTERDAM DEPOSITARY COMPANY N.V.

Amsterdam, 18th June, 1981.

**THE "SHELL" TRANSPORT AND TRADING COMPANY LIMITED**

NOTICE IS HEREBY GIVEN that a balance of the register will be struck on Monday, 6th July, 1981, for the preparation of the half-yearly dividend payable on the SECOND PREFERENCE SHARES, for the six months ending 31st July, 1981. The dividend will be paid *on 3rd August, 1981*.

For Transferees to receive this dividend, their transfers must be lodged with the Company's Registrar, Lloyds Bank Limited, Registrar's Department, Goring-by-Sea, Worthing, West Sussex, not later than 3.00 p.m. on Monday, 6th July, 1981.

By Order of the Board
G. J. OKELL
Secretary

Shell Centre
London SE1 7NA
25th June, 1981.

**ENERGY INTERNATIONAL N.V.**
(Incorporated with Limited Liability in the Netherlands Antilles)

Shareholders in the Fund are convened to attend the Annual General Meeting of shareholders to be held on Monday 20th July 1981 at 10.00 am at the registered office of the Fund at Pietermaai 15 Willemstad Curacao, Netherlands Antilles.

The items on the agenda are:
- Report and Accounts and proposal of a dividend of $0.70 for the business year ended 31st March 1981.
- Election of the Members of the Board of Management.

In order to attend the Meeting in person or by proxy and to have their votes registered at the Meeting, holders of bearer shares must deposit their share certificates (or a deposit receipt for the share certificates) mentioning their names, addresses and nationalities at the registered office of the Fund not later than 13th July 1981.

By order of the Board of Management.
Curacao.
25th June 1981.

**NOTICE**

To Noteholders of US$40,000,000
FEDERAL BUSINESS DEVELOPMENT BANK
15½% Notes due 15th June 1984

Please be advised the Exchange Date for this issue will be 14th September 1981.

**TATE & LYLE, LIMITED**

NOTICE TO HOLDERS OF BEARER SHARE WARRANTS

NOTICE IS HEREBY GIVEN to holders of Bearer Warrants for ORDINARY STOCK of the Company that an interim dividend on the Ordinary Stock of 4.00p net in respect of the year ending 30th September 1981 will be paid on or after 31st July 1981 to holders of Bearer Warrants upon presentation of COUPON No. 49.

Warrant Holders who are employees or pensioners of Tate & Lyle, Limited, or of one of its Associated Companies, should follow the instructions to be distributed and displayed on the Companies' Notice Boards.

Warrant Holders who are not employees or pensioners of Tate & Lyle, Limited, must present their coupons to the Company at the address shown below on or after 31st July 1981.

E. E. WRIGHT,
Secretary.

Sugar Quay,
Lower Thames Street,
London EC3R 6DQ.
24th June 1981.

## LEGAL NOTICES

No. 001945 of 1981
In the HIGH COURT OF JUSTICE
Chancery Division Group A.
IN THE MATTER OF
M & G ENDOWMENT & PENSIONS ASSURANCE CO. LIMITED
AND IN THE MATTER OF
M & G TRUST (ANNUITIES) LIMITED
AND IN THE MATTER OF
THE INSURANCE COMPANIES ACT 1974

NOTICE IS HEREBY GIVEN that a Petition was on the 20th May 1981 presented to Her Majesty's High Court of Justice in England by the above named M & G Endowment & Pensions Assurance Co. Limited (hereinafter called "E&P") for the sanction of the Court as required by Section 42 of the above mentioned Act to a Scheme for the transfer to E&P of all the long term business carried on by M & G Trust (Annuities) Limited (hereinafter called "Tann").

A copy of the said Petition and of the said Scheme and of the report on the terms of the said Scheme by an Independent Actuary (as required by the said Section 42 of the said Act) together with a further report prepared for the purpose of providing particulars of the long term business of E&P and Tann will be open to inspection at (a) the principal offices of M & G Group P L C the ultimate parent company of E&P and Tann at Three Quays, Tower Hill, London EC3R 6BQ and (b) the registered offices of E&P and Tann at 91/99 New London Road, Chelmsford CM2 0PY during usual business hours on any day (other than a Saturday or Sunday) prior to the hearing of the said Petition.

AND NOTICE IS FURTHER HEREBY GIVEN that the said Petition is directed to be heard before The Honourable Mr. Justice Dillon at the Royal Courts of Justice, Strand, London, England, on Monday the 13th July 1981 and any person (including any employee of E&P or Tann) who alleges that he would be adversely affected by the carrying out of the said Scheme may appear at the time of the hearing of the said Petition in person or by Counsel for that purpose in which case he is requested to give not less than two clear days previous notice in writing of his intention so to appear with the grounds of his objection to the undermentioned Solicitors.

Any policy holder of E&P or Tann who dissents from the proposed Scheme but does not desire to appear on the hearing of the said Petition should give not less than two clear days' previous notice in writing of such dissent with the grounds thereof to the undermentioned Solicitors.

A copy of the said Petition and of the said Scheme and a copy of the said Report by an Independent Actuary will be furnished to any person requiring the same by the undermentioned Solicitors at any time before an Order sanctioning the said Scheme is made on the said Petition on payment of the regulated charge for the same.

Dated this 12th day of June 1981.
ROWE & MAW,
15 Devereux Court,
Essex Street,
London WC2R 3JX.
Ref: 77/M8166.
Solicitors for the Petitioner.

No. 001944 of 1981
In the HIGH COURT OF JUSTICE
Chancery Division Group A.
IN THE MATTER OF
M & G TRUST (ASSURANCE) LIMITED
AND IN THE MATTER OF
M & G BOND (ASSURANCE) LIMITED
AND IN THE MATTER OF
THE INSURANCE COMPANIES ACT 1974

NOTICE IS HEREBY GIVEN that a Petition was on the 20th May 1981 presented to Her Majesty's High Court of Justice in England by the above named M & G Trust (Assurance Limited (hereinafter called "Tass") for the sanction of the Court as required by Section 42 of the above mentioned Act to a Scheme for the transfer to Tass of all the long term business carried on by M & G Bond (Assurance) Limited (hereinafter called "Bond").

A copy of the said Petition and of the said Scheme and of the report on the terms of the said Scheme by an Independent Actuary (as required by the said Section 42 of the said Act) together with a further report prepared for the purpose of providing particulars of the long term business of Tass and Bond will be open to inspection at (a) the principal offices of M & G Group P.L.C. the ultimate parent company of both Tass and Bond at Three Quays, Tower Hill, London EC3R 6BQ and (b) the registered offices of Tass and Bond at 91/92 New London Road, Chelmsford CM2 0PY during usual business hours on any day (other than a Saturday or Sunday) prior to the hearing of the said Petition.

AND NOTICE IS FURTHER HEREBY GIVEN that the said Petition is directed to be heard before The Honourable Mr. Justice Dillon at the Royal Courts of Justice, Strand, London, England, on Monday the 13th July 1981 and any person (including any employee of Tass or Bond) who alleges that he would be adversely affected by the carrying out of the said Scheme may appear at the time of the hearing of the said Petition in person or by Counsel for that purpose in which case he is requested to give not less than two clear days previous notice in writing of his intention so to appear with the grounds of his objection to the undermentioned Solicitors.

Any policy holder of Tass or Bond who dissents from the proposed Scheme but does not desire to appear on the hearing of the said Petition should give not less than two clear days' previous notice in writing of such dissent with the grounds thereof to the undermentioned Solicitors.

A copy of the said Petition and of the said Scheme and a copy of the said Report by an Independent Actuary will be furnished to any person requiring the same by the undermentioned Solicitors at any time before an Order sanctioning the said Scheme is made on the said Petition on payment of the regulated charge for the same.

Dated this 12th day of June 1981.
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15 Devereux Court,
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London WC2R 3JX.
Ref: 77/M8166.
Solicitors for the Petitioner.

# ADVERTISING & MARKETING

BY MICHAEL THOMPSON-NOEL

MIXED FORTUNES

## Media growth pattern muddied by disputes

THE UNUSUALLY large number of industrial disputes that have cast a pall over UK advertising media in each of the last two years are underlined in new figures from the London-based Advertising Association published this week.

In broad terms, the AA says that total UK advertising expenditure last year rose from £2.137bn in 1979 to an estimated £2.562bn — a record sum in cash terms though a fall, after allowing for inflation, of approximately 3.5 per cent.

A clue to what the AA calls "massive variations" in the growth rates of the various media last year starts with a realisation that the two major types of advertising, classified and display, performed in marked contrast to one another.

Classified expenditure rose from £482m in 1979 to an estimated £511m last year, or a fifth of the total. But this was a fall, in real terms, of an estimated 13 per cent, mainly the result of a 30 per cent drop in the volume of recruitment advertising last year caused by the severely depressed state of the jobs market.

Total display expenditure, on the other hand, rose from £1.43bn in 1979 (66.9 per cent of the total) to an estimated £1.809bn (70.6 per cent of the total)—a gain, in real terms, of around 1.5 per cent.

"Bearing in mind the fact that advertising expenditure in 1980 was to some extent increased by spillover from the 1979 Independent Television strike, it is clear that the general recession in economic activity did depress advertising expenditure levels in 1980, albeit not to any great extent," it says.

"However, this overall pattern conceals the fact that the recession did have a remarkably different impact on the two major types of advertising (display and classified) that go to make up the figure for total expenditure."

This difference in performance is attributed by the AA to the relative strength of consumers' expenditure, which is one of the main factors affecting the display total, and rising unemployment levels, which inevitably seriously affect the classified total.

But there is another twist, for splitting total expenditure into its main component parts, says the AA, still does not provide an adequate guide to the true course of events last year.

For example, the 1.5 per cent increase in display expenditure (in real terms) was itself a compound of a 14 per cent increase in "real" television expenditure last year (partly caused by carryover from the 1979 strike) and small falls in expenditure in the Press and minor media (mainly poster and transport advertising, and cinema and radio).

According to AA definitions, television was the top medium last year, attracting £692m worth of revenue (27 per cent of the total) against £640m for the regional Press (25 per cent), £426m for the national Press (16.6 per cent), £214m for trade and technical publications (8.4 per cent), £192m for magazines and periodicals (7.5 per cent) and lesser amounts for directories (£82m), poster and transport advertising (£114m), radio (£54m) and cinema (£18m)..

(As the Regional Newspaper Advertising Bureau pointed out this week, the AA figure for TV advertising includes £70m of production costs, which provides an adjusted total for TV advertising last year of £622m, or £18m less than the total for the regional Press itself).

Last year's severe variations in the rates of media growth, says the AA, "stem not from changes in the popularity of the various media but from the unusually large number of industrial disputes that affected the media in both 1979 and 1980, making comparisons between the two years extremely difficult.

"In addition to the ITV strike, other major disputes which had a substantial impact included the Times Newspapers, IPC, and road haulage disputes, and industrial action by the National Graphical Association in 1980 which severely disrupted the regional Press."

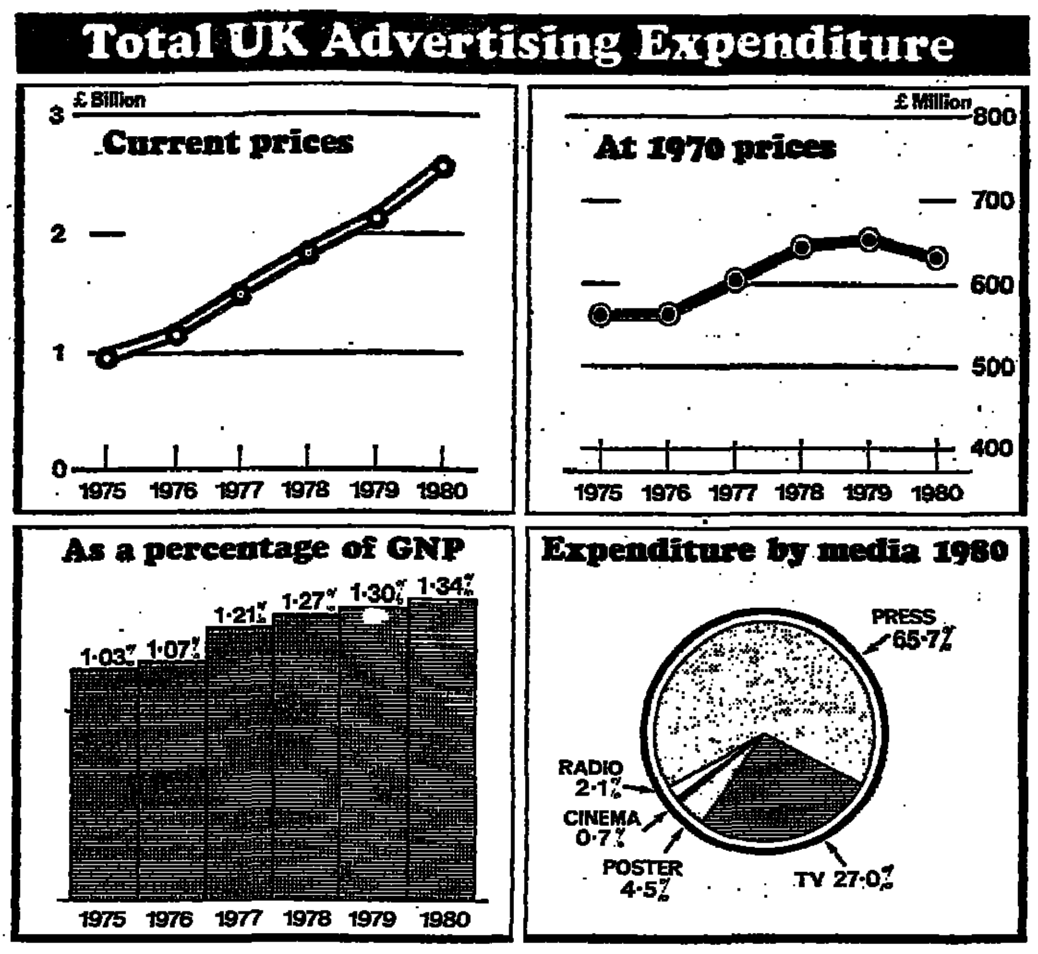
The AA says that econometric analysis of last year's advertising data, conducted as part of its regular quarterly analysis for the AA forecast of expenditure, strongly suggests that 1979 would have been the peak-of-the-cycle year for all UK display advertising, had the ITV and other disputes not occured.

It says it is difficult to arrive at sensible conclusions about underlying trends in expenditure levels for the different media.

"The only exceptions are for two areas where extraordinary growth was seen in 1980 which cannot be attributed to strike-related factors. In current price terms, expenditure in directories, for example, grew by 32 per cent in 1980, reflecting a substantial increase in activity, and newspaper-format free sheets grew by some 58 per cent, reflecting the considerable success now being achieved in this area."

For the first time, the AA has divided national newspaper advertising not only into dailies and Sundays, but into popular and quality titles as well.

Its figures show that the popular/quality split was exactly equal last year (£213m each, against £187m for the pops in 1979 and £160m for the qualities — the difference that year being accounted for by the close-down of Times Newspapers). The figures also reveal that newspaper colour supplements took approximately 11 per cent (£48m) of all national newspaper advertising last year.




**Est. UK media expenditure by product group**

| Product group | Manufacturers' consumer advertising (£m) 1978 | 1979 | 1980 | Remainder (£m) 1978 | 1979 | 1980 |
|---|---|---|---|---|---|---|
| Food | 165 | 166 | 227 | — | — | — |
| Clothing | 21 | 23 | 31 | — | — | — |
| Auto | 75 | 93 | 136 | — | — | — |
| Drink and tobacco | 121 | 148 | 201 | — | — | — |
| Toiletries and medical | 86 | 98 | 107 | — | — | — |
| Household and leisure | 204 | 230 | 274 | — | — | — |
| Publishing books | 26 | 26 | 35 | 6 | 8 | 9 |
| Tourism, entertainment, foreign | 47 | 56 | 66 | 16 | 19 | 23 |
| Nationalised industries | — | — | — | 34 | 41 | 52 |
| Government | — | — | — | 37 | 42 | 53 |
| Retail | — | — | — | 307 | 355 | 436 |
| Savings, financial* | — | — | — | 70 | 84 | 105 |
| Industrial† | — | — | — | 212 | 258 | 289 |
| Charity, education | — | — | — | 5 | 6 | 7 |
| Classified | — | — | — | 402 | 476 | 511 |
| TOTALS | 745 | 840 | 1,077 | 1,089 | 1,289 | 1,485 |

* Includes financial advertising proper, as well as banks, savings and insurance.
† Made up of £163m in trade and technical display advertising in 1980, together with £75m in industrial and prestige advertising in non-technical media and £51m in classified advertising in the trade and technical Press.

SALES STILL BUOYANT

## Wine: the search for new ideas

BY GARETH GRIFFITHS

BRITAIN'S growing taste for wine seems to be holding up in spite of the recession, with forecasts of the total wine market increasing by between two and two-and-a-half times its present size by the end of the decade. (Total UK sales of wines and aperitifs in 1979-80 are put at £1.45bn.)

Sales of table wine this year, according to the Wine Development Board, will rise by about 5 or 6 per cent, and although no official figures are yet available on how sales have held up since the New Year (they have been delayed by the Civil Service dispute), most wine merchants say trade has been reasonably buoyant.

Wines in the UK present a radically different marketing problem for retailers and producers than for most other products. The market is extremely fragmented, with thousands of different wines available.

Mintel, the market research group, in a study of table wines published last November, suggested that the top 10 brands had at most 25 per cent of the market. These brands attract the vast majority of advertising support, but in spite of such concentration, the overall market remains relatively open.

Most of the top brands are controlled by breweries. Hirondelle and Mateus Rosé are distributed by Bass, Blue Nun is independent, as is Lutomer, Corrida and Toujours are owned by Whitbread, Don Cortez, Grants of St James's and Nicolas by Allied Breweries, Justina and Carafino by Grand Metropolitan, and Charbonnier and Bull's Blood by Reckitt and Colman.

The traditional appeal of the branded wine has been to the occasional wine drinker. In spite of the 86 per cent increase in wine consumption per adult in the UK between 1970 and 1978, Britons still drink on average only a tenth of what the Spanish drink, one-fifteenth what the Italians drink, and slightly under one-sixteenth of what the French adult drinks.

The advertising and marketing campaigns of branded wines have not, however, led to the instant brand recognition of products such as sherry or the numerous types of lager. Indeed, Mintel concluded that the growth in wine consumption during the 1970s had not been advertising-led.

Marketing ideas in the wine trade, therefore, have recently switched away from advertising *per se* to a greater concentration on appearance and presentation.

Victoria Wines, the wine retail chain owned by Allied Breweries, which has nearly 1,000 stores, has introduced a wine selection scale with all its white wines marked on a one-to-nine scale based on qualities of sweetness. It is an idea that has been used in Canada for several years.

Victoria Wines launched the scheme in March and says the response has been encouraging. The No 1 wines on the scale are the driest, and the No 9's the sweetest. One of the aims is to ensure that customers have an idea of what they are buying.

Victoria Wines is now working on a scale for red wines. This is much more difficult to achieve, as the scale marks are based on the appreciation of wine experts and masters of wine rather than on strict chemical analysis.

Another move in wine marketing this year was the introduction last month by Whitbread of three-litre cardboard and plastic containers. These airtight containers enable the wine to keep fresh for about six months.

Stowells of Chelsea, Whitbread's wine subsidiary, is selling a medium-priced French red and white wine in such packs, and there are plans to expand the range to include German wines.

## Satellite link for Newsweek

NEWSWEEK International says its Atlanitc edition is now arriving at European news-stands 24 hours earlier than previously, thanks to the opening of a satellite link between the magazine's New York editorial offices and its Zurich-based printer, Druckerei Winterthur.

Page proofs, including black and white text, artwork and four-colour material, is now sent electronically instead of by plane. A typical page, says Howard W. Smith, Newsweek International's president, takes about four minutes to send via satellite.

Newsweek is owned by the Washington Post. The three main editions of Newsweek International (Atlantic, Pacific and Latin America) have a combined weekly sale put at 544,000. Average net paid sales of Newsweek Atlantic have grown fourfold since 1961, to a current 286,000 copies.

Over the past five years, advertising page sales of Newsweek International are said to have grown from 1,563 to 2,471. Total advertising revenues last year are put at $34.1m.

● OGILVY AND MATHER EUROPE says all offices have been regrouped under four regional directors: Peter Warren, London (UK); Michael Richardot, Paris, (Southern Europe); Hans Lange, Frankfurt (central and eastern Europe), and Wim Slootweg, Amsterdam (northern Europe).

# BUSINESS BOOKS

## Innovation: the pros and cons of intervention

**Industrial Policy and Innovation**, edited by Charles Carter. Heinemann Educational Books, price £6.50.
**Industrial Innovation and Public Policy**, by Roy Rothwell and Walter Zegveld. Francis Pinter (Publishers), 5 Dryden Street, London, WC2E 9NW, price £13.50.

BY CHRISTOPHER LORENZ

THE COMMUNAL eyebrows of 500 top European businessmen rose in understandable disbelief at the claim that the West German Government spends twice as much as "interventionist" France on stimulating industrial innovation.

There was similar incredulity at the suggestion that, while the rest of the western world is busily pushing its industrial products upmarket to stave off external competition, a growing proportion of Britain's exports is in products with little added value.

The provider of both provocative statements was that professional eyebrow-raiser, Viscount Etienne Davignon, the EEC's Commissioner for Industry. Never a man to mince words, he declared that in Europe "everyone intervenes" in the innovation process, though some governments are more intelligent than others in the way they do it.

Further support for both assertions, made earlier this year at the Davos Symposium of the European Management Forum, can be gleaned from a new Heinemann book on "Industrial Policy and Innovation,"* a collection of papers by many of Britain's best-known academics in the fields of economics and innovation.

Essentially a compendium of arguments for and against government intervention—both in general and in the particular—the book is of rather patchy quality, but it does offer a number of insights into the subject backed by evidence.

Its chapters in favour of greater government intervention are considerably strengthened if read in conjunction with the similarly-titled "Industrial Innovation and Public Policy." By Rothwell and Zegveld, this is more internationally-geared, and also provides better statistical support for its arguments than most of the contributors to the Heinemann book (with the notable exceptions of Daly, Dosi and Pavitt).

In some respects, Rothwell and Zegveld also offer a better theoretical grounding in the case for government intervention: not only on the fundamental question of the divergence between private and social rates of return on innovation, but also on the much-debated cross-impact of innovation and Kondratiev "long waves" in the world economy.

Before the Second World War, the two authors recall, government policy for invention and innovation—which are distinct processes, it is important to recognise—rested on three main pillars: the patent system, technical education, and the promotion of basic science. But now a whole new army of government measures and instruments has been introduced to try and accelerate technical progress.

"Unfortunately, many of these measures were deployed hastily with very little regard for any theoretical understanding of the system which was being manipulated. Often they were based on . . . the primitive tendency to equate accelerated technical change with a simple increase in research and development expenditure."

The most fundamental argument in favour of government support for innovation is that society as a whole tends to enjoy a greater rate of return from innovations — especially radical ones—than does the innovator within the private sector. Because of this, the private sector may be reluctant to invest sufficient risk capital in a sufficient number of innovation projects: though profitable to the national economy as a whole—in terms of creating wealth and jobs—they appear inadequately profitable (or unprofitable) to the individual organisation.

Professor J. K. Galbraith has built on this theory by arguing that the growing scale of modern technology requires governments increasingly to intervene in order to underwrite technical and market risks.

Hence Rothwell and Zegveld's assertion that "it would be illusory to conclude that trust can always be put in the market, or that government need finance only basic research and the development of skills."

The latter is the argument of many economists, including some contributors to the Heinemann book, as well as many businessmen. But such an approach neglects three important and interrelated problems, the authors argue: market imperfections: "dynamic comparative advantage" (or how to sustain infant industries in a free trade world); and the problems of adjusting from traditional industries to new ones.

Their practical advice is extensive, and includes:

- R and D assistance must be clearly directed towards certain strategic technologies, those which are likely to result in the new industries of the future or which might regenerate existing ones.
- R and D subsidies should be more equitably distributed, with projects only being subsidised if they represent a significant risk to the firm. This would help small and medium-sized enterprises in particular.
- Perhaps most important, it should be recognised explicitly that innovation does not just involve R and D. "It includes prototype production, production start-up and learning, and marketing as well. "These aspects of the innovation process are usually more costly, and can involve greater uncertainties than R and D," say the authors. Hence governments should offer "innovation subsidies," rather than just support for R and D.

But Rothwell and Zegveld complain that the system of obtaining and repaying launching aid (practised, for example, in the UK), is perverse: "there is little or no financial penalty for failure, and the greater the commercial success, the harder the terms of payment become."

What about the daring Davignon? His claim about German aid for industrial innovation was based on a private consultancy study for the French Commissariat Général du Plar which included support at non-federal level.

Such international comparisons are notoriously hazardous, but the Heinemann book does show that the scale of German support for computers and microchips, for example, has been greater than in France, Italy and the UK. It also demonstrates the Germans' greater concentration of R and D support on selected sectors.

This tendency to "pick winners" is on the increase, to judge from a recent speech by the German Minister of Research and Technology, Andreas von Bülow, who spoke of the need for greater consensus with industry on key sectors.

As for Davignon's gibe at the increasingly unsophisticated nature of many British exports, the Heinemann book refers us to the evidence of the European Commission's Maldague Report of 1979. The only consolation for the Brits is that Italy appears to be in the same boat.



## An overview of world energy

**Energy in a Finite World; A Global Systems Analysis**, a report by the Energy Systems Programme Group of the International Institute for Applied Systems Analysis; Wolf Häfele, programme leader; Harper and Row; Vol. 1, price £12.50 and Vol. 2, price £29.50.
**Far East Oil and Energy Survey**, editor Bryan Cooper. Petroleum Economist and Petroconsultant, price £160.
**Energy Economies: Growth, Resources and Policies**, by Richard Eden, Michael Posner, Richard Bending, Edmund Crouch and Joe Stanislaw. Cambridge University Press, price £19.50.

THERE IS no excuse these days for energy buffs to be ill-informed. But the diligent researcher needs to be warned that he will require an abundance of time and a bottomless purse to keep pace with the flow of information.

A case in point is the two-volume report, "Energy in a Finite World," which sets down the results of a seven-year study into global energy systems. The 225-page first volume serves as a summary of the complete technical results contained in the 837-page second volume. Together the books present a sober, comprehensive view of potential energy supplies which do justice to such a worthy, ambitious study.

Sensibly IIASA has taken a longer-term view of the energy scene than most recent studies. And inevitably there are warnings, given the expected continuing growth in energy demand—up by factors of between 2.7 and 4.4 over the period—and the finite nature of fossil resources.

While coal would again become a major source of energy there was concern about the possible build-up of carbon dioxide in the atmosphere and the consequent "greenhouse" effect of global warming. "The implications of these climatic changes are potentially large," say the authors.

Energy conservation was deemed a good—and essential—objective. But again there is a warning: "What has emerged quite starkly from our study is that any way of balancing demand and supply, whether high, medium or low, would lead to some form of hardship. Moreover, energy conservation measures of any degree would cause unavoidable pain."

And yet the tenor of the report is cautiously optimistic. "Based on the analysis of technological and economic factors, we conclude that with the technologies at hand or potentially at hand, and using the world's resources as perceived today, it is possible to provide enough energy for a world of eight billion people in the year 2030. It could be done!"

IIASA believes there are two goals that must be pursued simultaneously. First, consumers must manage the more immediate energy transition—they must use the dwindling amounts of fossil fuels prudently. Second, consumers must allow the development of nuclear and solar energy industries which would be so badly needed after 2030.

Even so, IIASA was forced to concede—contrary to its original expectations—that half a century was too brief a period to allow a complete transition from the present fossil-fuel-based energy system to a "truly global sustainable energy system."

One of the main problems associated with energy forecasting is that the base case, influenced by current perceptions, seems to be constantly on the move. Forecasters are having to reassess their views of future supply and demand in the light of significant and possibly quite fundamental changes over the past year or so.

Consequently, topicality is an important bonus in any energy book. And this is the case with "Far East Oil and Energy Survey."

This 473-page report provides an up-to-the-minute overview of an area inhabited by some 65 per cent of the world's population. Unlike previous regional reports published in the series—the Organisation of Petroleum Exporting Countries and Latin America and the Caribbean—this tome does not attempt to demonstrate cohesiveness.

What it does show clearly, with an abundance of statistical information, is that the region has tremendous energy producing (and consuming) potential, taking in, as it does, Indonesia, China, Japan, Australia and the Soviet Far East.

Among the topics covered are the hydrocarbons potential of the different countries, exploration incentives, the important natural gas trade, offshore boundary disputes, the Singapore spot market, and the financial markets of the Far East.

The journalistically-styled text is supported with a fine selection of large, full colour maps. The maps—and some of the tables—are so large that they have to be folded, and refolded, in order to fit within the large ring binder. This points to the main drawback of this ambitious report.

There is no such problem with "Energy Economics," the 442 pages of which are contained between conventional book covers. Here five authors—all active in energy research—demonstrate the interdependence of economic, technical, social and environmental influences in the overall energy system.

The book is structured in five parts taking in (a) the economics and technology of energy demand; (b) the main supply factors for oil, coal, nuclear energy, and renewable and unconventional energy sources; (c) the market for energy including cost and pricing structures; (d) the world energy outlook including the essential uncertainties in forecasting; and (e) general energy policy issues.

As such it will provide a valuable reference, for very few students of energy, environmental and economic issues—at educational or business levels—can feel proficient in all of the subjects covered. Fortunately the book has been written to be understandable to the non-specialists although, in the preface, the authors honestly point out it is not a "chatty book."

**Ray Dafter**





## Black mark for UK marketing

**International Marketing and Purchasing**, edited by Peter Turbull and Malcolm Cunningham. Macmillan, price £20.

EUROPEAN purchasing executives are sharply critical of the marketing performance of British companies, according to a new survey of more than 1,000 managers from 300 companies in five European countries.

The survey, co-ordinated by a team from Manchester University's marketing department and now published in book form, suggests that UK salesmen still retain some of the traditional aloofness towards Europe even after eight years of EEC membership. It also puts the primary blame for Britain's relatively poor export performance in Europe not on the usual culprits of poor product quality and delivery reliability, but firmly on the lack of marketing expertise.

"The weaknesses of British marketing are a serious obstacle to exporting success and must be overcome," suggest the authors. Moreover, the survey suggests that British executives are largely unaware of their insularity. Most British marketing managers surveyed said they did not find it particularly difficult to make friends with French buyers, nor did they think that the two countries were culturally very different.

French buyers, however, had a very different view of the relationship. About a third revealed an in-built hostility towards British marketing and technical staff and the level of French prejudice towards British managers was higher than against any other European country.

"Perhaps UK marketers ought to re-examine their relationship with French buyers and take particular care not to assume that, because they find the French easy to get along with, French buyers must necessarily feel the same way about them," argues the study.

The central conclusion of the survey is that the reputation and competence of British countries in Europe is "patchy." It suggests that British companies are highly regarded for their trustworthiness, friendliness and willingness to co-operate.

However, this favourable image was offset by the widespread view that British suppliers provided inadequate delivery and quality control service, were less flexible and innovative than their competitors, and did not fully understand the customer's needs and problems.

The survey suggests that in routine commercial matters such as responding to requests for sales calls, providing product information quickly, and resolving contractural and financial problems, British companies perform on a par with Italian and French suppliers but considerably worse than their German and Swedish competitors.

In terms of technological competence, says the survey, the position "gives rise to considerable concern." It points out that British marketing staff are not so much judged incompetent as that buyers throughout Europe found them relatively much less competent than their European counterparts.

European buyers also accused British marketing staff of showing "a serious lack of understanding of how foreign firms operate;" of being "inflexible because of their unwillingness to change their normal procedures;" and "lacking skills in understanding foreign buyers' problems and in analysing customers' requirements."

The authors acknowledge that some of the survey findings are not new, but suggest that they show "how long lasting and pervasive an unfavourable reputation can be once acquired."

They suggest that "the fundamental philosophy of the marketing concept applied to a business organisation" is the "need for an integration of all activities of a business with the common goal of profitability through customer satisfaction."

In industrial markets "this requires the close integration of such functions as design, production planning and delivery control, quality assurance and service departments to complement the marketing and purchasing activities."

It concludes: "One of the most important conclusions to emerge from the research is that far too few British companies engaged in marketing and purchasing industrial products have successfully adopted this concept for their business."

**David Churchill**

## Other publications

**The Business Traveller's Handbook.** Volume 1, Africa; Volume 2, Central and South America and the Caribbean—these two volumes price £14.95 each; Volume 3, Europe; Volume 4, The Middle East—these two volumes price £12.50 each. Each volume has a separate chapter on the countries within the region covered and provides a variety of information on the geography of the country, the economy, entry regulations, business information, useful addresses and information on principal cities and towns.

**Managing for Success**, by Terry Farnsworth. McGraw Hill, price £5.95. A fairly lighthearted, but perceptive guide to the pitfalls that lie in the way of the ambitious executive—and how to circumvent them.

**About Time—a Woman's Guide to Time Management**, by Alec Mackenzie and Kay Cronkite Waldo. McGraw Hill, price £4.95. Claiming to be the first book on the subject tailored to the needs of today's women, this provides numerous time-saving strategies to help in the achievement in personal and professional goals.

**Management Audits, The Assessment of Quality Management Systems**, by Allan J. Sayle. McGraw Hill, price £11.50. This sets out to show how to prepare for a quality audit, collect information, ask the right questions, make spot checks, analyses systems and a number of other factors.

**Exploring Participation**, by Paul Bate and Iain Mangham. John Wiley, price £11.95. A look in detail at the activities of personnel struggling to devise and implement participative approaches to decision making.

**Managing Systems Development**, by Jeffrey Keen. John Wiley, price £9.75. A study of problem areas associated with the development and installation of computerised business systems.

**Employee Remuneration and Profit Sharing**, by Richard Greenhill. Woodhead-Faulkner, price £15. A look at all the factors that should be taken into account by a company when considering its total remuneration policy.

**Value Added Tax in the EEC**, by D. A. Parkinson. Graham and Trotman, price £17.50. A reference book on the rules and regulations of VAT in the EEC, and the differences in the interpretations of the rules by member countries of the Community.

**Developing Managerial Information Systems**, by Andrew M. McCosh, Mawdudur Rahman and Michael J. Earl. Macmillan, price £25. This develops technical, behavioural and management principles for design of managerial information systems in planning and control.

# BOOKS OF THE MONTH

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# An irreverent look at corporate giants

**BY RICHARD LAMBERT**

**Everybody's Business. An Almanac. Edited by Milton Moskowitz, Michael Katz and Robert Levering. Harper and Row, price £12.95**


THIS IS the kind of book you wish you had thought of yourself. Large companies do much to shape how we live: as employers, suppliers of goods, providers of investment income, or bulwarks of the local community. Yet general works of reference on them tend to be confined to dry financial summaries or glossy public relations handouts.

The authors of this massive work, subtitled "The irreverent guide to Corporate America," have provided the answers to a wide range of questions about 317 large U.S. companies—without using jargon or technical language. That is an achievement in itself. What makes it even more special is that they have approached their task in an entirely even-handed manner. Warts are highlighted, but so are the beauty spots.

Thus we are reminded that Fruehauf is the only corporation in America whose chairman and president had to report to probation officers, and that the history of Iowa Beef, in the words of the Wall Street Journal, "is laced with criminals, gangland figures, civil wrong-doers, brazen conflicts of interest and possible violations of antitrust and labour law."

But the book also tells of the exemplary social behaviour of Cummins Engine, and the outstanding management skills of Dow Chemical. The authors' objective is not to muckrake, but rather to discover the style and personalities of individual companies.

Their choice of subjects is a little eccentric: Harbour Heights Fuel Company, but not Bethlehem Steel; ten pages on J. Walter Thompson, but nothing on Burroughs. Yet in the main, they are right on target with an attractive mixture of shrewd business assessments and droll one-liners.

"Uniroyal is living proof that bigness alone is no guarantee of success," and William Agee, youthful boss of Bendix, is an example of the fact that "you can take the boy out of Boise Cascade, but you may not be able to take the Boise Cascade out of the boy."

The format for each company is the same. First comes a summary of what it does, of its history, and its reputation. Then there is an analysis of what it owns, of who owns and runs the the business, of where it stands in the public eye, and of where it is going. The share price performance over 1970 is noted in one, usually depressing, paragraph, followed by an address and telephone number and a list of the company's consumer brands.

Interspersed in the main text is a random series of business anecdotes — "How the Cadillac got its fins," "Seagram's Mr Sam" — together with any number of more or less useful statistics, such as the ten top black-owned insurance companies, the 50 largest U.S. multi-nationals, or the ten worst air disasters.

It all adds up to a respectable business library in one volume.

The book leaves a number of general impressions about corporate America. One concerns the sheer size of the market place. For instance, Americans munch their way through 12,000 tons of aspirins a year, and chomp 10m pounds of polyvinyl acetate (chewing gum to you). If all the Coca Cola ever made were poured over Niagara Falls, they would run at their normal rate for eight hours and 57 minutes, and Levi Strauss used up enough yards of fabric in 1979 to wrap a cummerbund of cloth six times around the equator.

Another lasting impression is about the visionary stubbornness of so many founders of America's great corporations. There was Colonel Lewis Walker, who against all reason refused to abandon his automatic hook and eye device ("a pull and its done") even though it chewed its way through miles of ladies' underwear and popped open at all the wrong moments: zip fasteners are his legacy to mankind.

Eccentric old Gail Borden, "the great condenser," urged his pastor to condense his sermons and half poisoned his house guests with concentrated food extracts: he ended up under a tombstone, designed by himself, in the shape of a condensed milk can.

Nothing would shake Robert A. Chesebrough's belief in the virtues of a waxy substance collected on the rods of oil pumps. Despite the scorn of the medical establishment, he ate a spoonful every day as a general panacea and, when seriously ill in his fifties, he ordered his body to be coated from head to toe with the stuff. He died at the age of 96, and his name still endures, on the back of Vaseline jars.

Most pleasurable of all, perhaps, are the business stories of the "Just Fancy That" variety. Can it really be true that the original James Walter Thompson drew his inspiration from the following poem?

"God bless our wives, they fill the hives
With little bees and honey.
They smooth life's shocks, they mend our socks,
But don't they spend the money!"

Is it possible that one of the only two changes that have been made to Levi's shrink-to-fit jeans since they won the West was the result of its president's painful introduction to the dreaded "hot rivet syndrome"? This was brought about by crouching in front of the camp fire, careless of the fact that in the bad old days there was a lone rivet at the crotch.

Once you get into the mood of the thing, you can go on almost forever. There is Scott Paper's historic advertisement of the 1930s: "They have a pretty house, Mother, but their bathroom paper hurts." C. W. Post scored no marks with the American public when he introduced a breakfast cereal called "Elijah's Manna" — but it became a winner as soon as it was renamed Post Toasties.

My own personal prize goes to the director of Union Camp responsible for air and water pollution in the early 1970s, who commented wearily, "It probably won't hurt mankind a whole hell of a lot in the long run if the whooping crane doesn't quite make it."

Poor chap, you can see what he was driving at.

# Accountancy in-fighting

**British Accounting Standards: The First 10 Years. Edited by Sir Ronald Leach and Professor Edward Stamp. Woodhead-Faulkner, Cambridge, price £12.50.**

THERE CAN be few better quick guides to the multi-dimensional commercial and political pressures being suffered by the British accountancy profession than this volume of 17 independent views on the first decade of British accounting standards.

That the differences of opinion emerge so vigorously must owe something to the fact that the joint editors, Sir Ronald Leach and Professor Edward Stamp, together make something of a gamekeeper-and-poacher combination. Sir Ronald, after all, was the leading light in the profession who played a major part in the late 1960s in response to the criticisms of, amongst others, the very same Professor Stamp.

They have assembled an excellent list of contributors, and the book is more topical than the publishers may have realised, for it comes just in time for the public debate on the Watts Report—a report which is naturally in many respects echoed in Tom Watts' contribution to this volume.

Yet in one respect the book is a little dated, for it devotes rather too much space to the now rather less gripping debate on inflation accounting, and perhaps not enough to matters like enforcement. It would have been nice, too, to have had a contribution from an ordinary practising auditor on the role of accounting standards—for the only chapters from partners of accounting firms are those of the three successive chairmen of the Accounting Standards Committee.

Despite that, the arguments come over clearly. There is Sir Ronald explaining how the English Institute responded back in 1969 by promising measures to narrow the difference and variety in accounting practice, without attempting rigid uniformity. There is stockbroker Martin Gibbs, himself an ASC member, calling for comparability of figures reported by companies.

In sharp contrast there is Ian Tegner, Bowater's finance director, lashing out at the present set of accounting standards as "pedantic and academic" and calling upon auditors to accept the challenge of exercising their judgment rather than reaching for a rule-book. And Professor Stamp, too, argues that high technical standards are pointless without the preservation of high professional standards, which can be threatened by the nakedly commercial motives of today's giant worldwide firms of accountants.

Professor David Myddelton's familiar lament for the current purchasing power method of inflation accounting cannot win the battle at this stage. But it does demonstrate how the Government can occasionally cut the accountancy profession down to size—in this case by foisting the Sandilands Report with its half-baked current cost proposals on to the profession.

Elsewhere my former colleague Michael Lafferty highlights the way that the standard setting process has triggered the formation of industrial pressure groups which mirror on a large scale the natural conflict between the individual accounts preparer and his auditor, and which could eventually threaten the unity of the profession. Henry Gold of the Shell group makes a plea for standard setters to take note of the international dimensions of the problem, with increasing strains being put upon the credibility of financial reporting by multinational companies.

Interestingly, the contributors from industry place much emphasis on the search for accountancy's Holy Grail—the logically consistent conceptual framework which will establish exactly who, and what, accounts are for.

They are clearly disturbed at the difficulty of coping with the requirements of different types of users. But the academics are no longer sure that the conceptual approach will lead anywhere, and the standard setters clearly regard it at best as an irrelevance and at worst as a simple delaying tactic by the enemies of standards.

**Barry Riley**

# Looking East for answers

**The Yin and Yang of Organisations, by Nancy Foy. Grant McIntyre, price £7.95.**

AT FIRST sight it would seem somewhat improbable that Mr. Fu Hsi, who 5000 years ago in China defined the philosophy of Yin and Yang, would have a great deal to offer those who run a thrusting, profit-seeking corporation in the modern western world (or for that matter a sleepy bureaucratic one).

But Nancy Foy argues that it can be used to resolve some of the difficulties and questions which have evolved over decades of organisational growth. Many people, she says, suffer vague anxieties, impossible to pin down, but probably rooted in the essential unmanageability of large organisations which lean too heavily on the side of logic, orderliness and analysis.

She points out that we have to deal with the observable and perceptible world of reality and at the same time cope with the imperceptible components of things which are deemed to be there but are not visible — like human psychology, credibility, faith or organisational mythology.

The book adopts the traditional Chinese concepts of Yin and Yang and applies them as a way of understanding the modern organisation. Yin and Yang are the opposites in nature, man and woman, light and dark, reason and intuition and so on, upon whose balance the harmonious working of the universe depends.

If the book remains somewhat inscrutable as to how a thoughtful manager might practically achieve the delicate balance of Yin and Yang within an organisation the range of coverage is extensive. Nancy Foy canters entertainingly around a wide spectrum of modern management thinking—or rather the thinking of people who think about management but don't necessarily manage.

The highly task-oriented manager will probably think it is, in the current idiom, "wet" but it may cause him to pause and think of the organisation as a more complex and indefinable entity which needs some nurture.

Nancy Foy points out that the modern organisation is, and will increasingly be, subject to conflicting demands both from within and from outside, from employees to environmentalists, from legislators to unions.

She argues that in order to resolve these increasing pressures managers will need other imaginative qualities which are under-stressed in traditional management thinking with its emphasis on the Yin, goal-oriented and logical.

Her view is that the softer, Yang, aspects of the organisation and the people who work in them have been sacrificed to the idea that the organisation is a logical system. She favours the human relations approach — or at least a more open attitude on the part of managers tackling contradictions in an organisation.

**Jason Crisp**

LOMBARD

# Down with all the ideologists

BY JONATHAN CARR IN BONN

I HAD A dream the other night about U.S. monetary policy, in which elements of nightmare and farce intermingled in an odd but compelling way. Mr Paul Volcker, the chairman of the Federal Reserve Board, appeared as King Canute—an English monarch who once, legend has it, sat on the seashore and vainly commanded the waves to recede. In this case Mr Volcker inveighed against an advancing tide of dollar bills but was, alas, engulfed. (His throne was later found and occupied by Mr Beryl Sprinkel, the misguided monetarist missile of the Reagan Administration—which suggests that the dream was not only odd but perhaps prophetic too.)

## Control

If I have understood the position correctly (and I am always open to correction on a matter of such high seriousness) the Fed used to spend much of its time trying to control money supply glorying in the definition of M-1A. After a time, the Fed realised that simply to put a vice on M-1A was rather like turning off a bath tap when a water main had burst. So it widened the scope of its control to cover the more broadly defined M-1B.

Mind you, the Fed has also let it be known it will be keeping a sharp eye on the still broader M-2—(which I gather is very like Britain's M-3). And since the American financial community is nothing if not ingenious, new money substitutes will be created before long, bringing many more Ms for the Fed to try to control. Pity Mr Volcker, Canute had it no harder.

Far be it for me to suggest that the Americans should not try to defeat inflation. It is just that I have more than sneaking doubts about whether the process I have described is likely to achieve the desired result. Clearly Professor Friedman is quite right to maintain that inflation results when the quantity of money increases faster than output over an extended period.

If that were all the doctrine of "monetarism" entailed, then surely all men of goodwill and sense (that is, at least enough to fill a railway carriage) would have to give it their full support—in theory. In practice I am not so sure. Do we (or does Mr Volcker) know just what particular supply of money we should be trying to control in order to reduce the inflation rate? Can we actually control it once we have defined it? And can we make timely new definitions to keep up with those who invent new ways to bypass existing control efforts?

There is scope for doubt on all three scores. And because this is so it is most unwise to pin our hopes solely on this means to control inflation — however persuasive the core of the monetarist argument may be.

So what is the conclusion? I would say it is—down with the exclusive monetarists, who after all have had a pretty good run for their money over the last few years. Down too with the exclusive followers of Keynes who have long been pinned, wriggling on the wall, by their monetarist opponents but still dream of a comeback. Down with all ideologists in this so inexact science of economics (and not only there).

And what is to replace them? I can only suggest a slogan which has almost no popular appeal and is not easy to defend against doctrinaire onslaught. It is simply "up with the pragmatists and gradualists."

The battle against inflation clearly has something to do with influencing (I deliberately avoid the word "controlling" which would raise false expectations) the quantity of money available in the long term. Perhaps the Fed could contribute to a change of perspective by dropping its weekly statistical pantomime altogether.

## Results

That is all very well, you may say, but governments have first to be elected and then show enough practical results in a few years to be re-elected.

You are quite right—which is why I fear that inflation may not be controlled, merely fall in recession and rise to new heights in the next economic upswing. But let us not deceive ourselves there is a simple alternative, least of all in obsessive monetarism.

# Wanted: a lawyer's electronic friend

## BUSINESS AND THE COURTS

BY A. H. HERMANN, Legal Correspondent

LEGAL information is every lawyer's nightmare. Clients are becoming more sophisticated and ask more questions. They want answers faster, and the answers have to be accurate if the lawyer does not want to expose himself to a negligence suit.

There seem to be only two ways out; one is the codification and simplification of law; the other is the enlisting of electronic information aids. The first is the more desirable but unlikely to be achieved in the near future. The second approach is more practical, since lawyers and publishers can do something about electronic aids without waiting for the Government.

The next five years will be crucial for the development of electronic information aids of all sorts—including those for the lawyer. The effect which computerisation is likely to have on the legal profession in the UK was the subject of a conference convened in London last week by the European Law Centre, which developed and operates the Eurolex retrieval system. There were 76 participants at the conference but only 14 were solicitors. The retrieval of legal information, with the help of computers, micro-computers, disc memories and whatever, fascinates academics, computer experts and a handful of law publishers but it leaves the practising lawyer cool.

Is there not something wrong with the gadgets that are being offered to the legal profession by the computer salesmen?

I suspect that the basic fault of the two retrieval systems now marketed in the UK, the Lexis, operated by Butterworth, and the Eurolex, is that they are of a type which had been developed in the U.S. for a legal profession operating in a different way from that in Britain. The American attorney has to do the whole job: he is the client's confidant, keeps him on the straight and narrow, extracts from him the facts needed for litigation and appears for him in court. And he does all this conscious of a possible malpractice suit hanging over his head all the time.

There is federal law and state law to keep track of; very few cases reach the Supreme Court of the U.S. and the attorneys have to cope with a Niagara of opinions from the 11 Federal Appeal Courts and from the 50 Supreme Courts of the States. They are case-law hungry and the two systems, Lexis and Westlaw, were developed to meet these needs.

It is all very different in Europe. On the Continent, case-law is much less important—though not entirely unimportant—because the lawyers can look up codes and commentaries. The writings of law professors are respected in courts even during their lifetimes.

In the UK the task of finding out the facts and keeping informed about changes in the law is divided between solicitors and barristers. Though the dividing line is getting blurred with the emergence of specialised City solicitors on the one hand and barristers employed by companies and public bodies on the other, the division still exists.

In a small partnership of solicitors geared to conveyancing, probate and some company work plus the unavoidable debt enforcement and *petty crime and motoring* offences, there is no inclination to look for inspiration to the All England Law Reports.

In a straightforward case the solicitor may consult a textbook or a hand book. When legal issues get thicker, he will ask for counsel's opinion. Even if he were inclined to do the legal research himself, the fees he could charge would not justify it, and the constant pressure exerted on his time by visitors, telephones, correspondence and the need to keep deadlines would not allow it.

All of which explain why solicitors are not very interested in using expensive retrieval systems, providing full texts of mostly very long judgments.

This leaves a small market of some 4,000 barristers plus the big firms of City solicitors and the few partnerships in the provinces which come close to them in size and type of business. However, London barristers have easy access to law libraries, while those in the provinces do not as a rule earn enough to use an expensive, computerised service.

The relatively small number of lawyers in the UK who do use one of the two retrieval systems, employ it mainly to search for decisions made within the last five years, and there is a general agreement that the systems would be particularly valuable if they could be relied on to provide information about unreported decisions—that is decisions which have been excluded from published reports or are still awaiting publication.

Still, there exists a great untapped market for electronic legal information, both in the UK and on the continent of Europe. It consists of the 40,000 UK solicitors operating mainly in small offices, the European attorneys who (like those in America) do the whole thing, and of companies with small legal departments or a single lawyer on their staff. To be successful commercially the information systems must offer what is really needed and at the right price, which means cheaper.

What does a lawyer do when a client telephones with a somewhat unusual inquiry? He reaches for a handbook on his shelf. He goes through the list of contents and the index and finds the relevant paragraph, reads out the information, then looks at the date the book was published and becomes uncertain, realising that the information is at least three years old.

He needs a little desk terminal where he can obtain up-to-date supplements to that paragraph of the handbook. Electronic publishing would make it easy to put entire handbooks on a computer memory without the intervention of a copy-typist. Every author of a legal book accumulates material for its updating. Only a little organisation is necessary to satisfy his ambition and to help him keep his book up-to-date all the time.

While considerable capital has been invested in systems like Lexis and Eurolex, which use the primary material of law reports, the opinion is gaining ground that what we need are systems based on secondary material, digested in books, organised in a way accessible not only to lawyers but to anyone used to working with books. At the conference this view received strong support from Mr David Andrews, a partner in Clifford Turner, the City solicitors, and chairman of the National Law Library.

Mr Andrews went even further. He urged the development of micro-processor systems with a really small desk-top terminal, which would give the lawyer immediate access, not only to a library of updated handbooks and recent unreported cases, but also to the full range of information generated by his own office.

This includes a collection of counsels' opinions obtained in the past, practice notes, land registry and company house data, information about the status of cases, a diary and client accounts. The same terminal could be used for any informaiton available through the Post Office network.

The National Law Library sponsored two projects, one at Swansea University and the other at Queen's University, Belfast, developing such general office management and information retrieval systems for small to medium-sized firms of solicitors.

It seems obvious that at the right price such systems would be bought not only by solicitors and not only in the UK. It is hard to believe that there is no queue of publishers eager to put their money on such a promising venture.

# Champagne Stakes lack sparkle

## RACING

BY DOMINIC WIGAN

DIAMOND SHOAL, Pia Fort, Burnbeck and Erotas all left the field for the Champagne Stakes at the final declaration stage and Salisbury's listed two-year-old race looks considerably less competitive than usual.

Probably no-one is more aware of the lack of quality than Diamond Shoal's handler, Ian Balding, and it seems significant that the Kingsclere trainer who brought Mill Reef out here has decided to saddle Narweb. It was originally intended by Balding that John Matthias should partner Narweb in the preceding race, the Southampton Maiden stakes.

Narweb is a once-raced bay, half-brother to Spark of Life by Young Emperor and this 13,000 gns yearling purchase was never happy on the course when coming home fifth of 12, behind Cavarrerizzo in Epsom's Woodbine stakes, after becoming unbalanced.

Narweb's presence on the undulating and heavily cambered Surrey track for his racing debut was surprising considering his leggyness and obvious inexperience.

However, he showed clear signs of ability as he found his rhythm on the climb to the finish. He is sure to be well suited by today's stiff six furlongs and can overcome a poor draw to foil the Newmarket challenger Gavo.

Among the newcomers Solarboy will be worth watching.

Ante post betting on Saturday's Northumberland Plate took a wider range yesterday with the heavy early support for market leader Dawn Johnny supplemented by good backing for Swashbuckling and Simette.

The Tote reported having laid the last named to lose £12,500 in one hand to a cash client. However, Simette is still offered at 25-1 by them with Swashbuckling also the subject of a similar cash bet quoted at 16-1.

Further rain will be to the advantage of the powerfully made Prince de Galles gelding Swashbuckling. This bay son of Galosh overcame Ra Tapu on dead ground at Folkestone last month and supplemented that win in soft going when foiling a gamble on Teapot at Kempton.

**SALISBURY**

2.15—Bottletop
2.45—Burnbeck
3.15—Narweb**
4.45—Twickenham*
5.15—Lethe
5.45—Haughty Manner

**NEWCASTLE**

3.00—Cool Wind
5.00—Minsden's Image***

# TV/Radio

†Indicates programme in black and white

## BBC 1

6.40-7.55 am Open University (Ultra High Frequency only). 9.00-11.50 For Schools, Colleges. 1.27 pm Regional News for England (except London). 1.30 Chock-A-Block. 1.45 News. 1.55 Wimbledon Lawn Tennis. 4.18 Regional News for England (except London). 4.20 Play School (As BBC 2 11.00 am). 4.45 Oscar, Kina and the Laser. 5.10 John Craven's Newsround. 5.15 Blue Peter.

5.40 News.
5.55 Regional News Magazines.
6.20 Wimbledon highlights.
7.25 Top Of The Pops.
7.55 The Hitch-Hiker's Guide to the Galaxy.
8.30 Rings On Their Fingers by Richard Waring.
9.00 News.
9.25 A Love Letter to Jack Benny.
10.25 Hanging Fire: The State of Israel.
10.55 Starsky and Hutch.
11.45-11.50 News Headlines.

All Regions as BBC 1 except as follows:

Cymru/Wales—5.55 pm Wales Today. 6.15 Heddiw. 6.35 Join BBC 1 (Wimbledon). 11.45 News Headlines, News and Weather for Wales.

Scotland—1.25-1.30 pm The Scottish News. 5.55-6.20 Reporting Scotland. 11.45 News Headlines, News and Weather for Scotland.

Northern Ireland—4.18-4.20 pm Northern Ireland News. 5.55-6.20 Scene Around Six. 11.45 News Headlines, News and Weather for Northern Ireland.

England—5.55-6.20 pm Look East (Norwich); Look North (Leeds); Look North (Newcastle); Look North West (Manchester); Midlands Today (Birmingham); Nationwide (London and South East); Points West (Bristol); South Today (Southampton); Spotlight South West (Plymouth).

## BBC 2

6.40-7.55 am Open University.
11.00 Play School.
2.00 pm You and Me.
2.15 For Schools, Colleges.
2.35 Wimbledon Tennis.
7.40 Mid-Evening News.
7.50 The Pursuit of Power: *Robert McKenzie talks to* The Rt Hon John Biffen, MP.
8.30 Shipbuilders to the World.
9.00 The Magic Circle Show.
9.50 Wimbledon highlights.
10.45 Newsnight.

## LONDON

9.30 am Schools Programmes. 12.00 The Ark Stories. 12.10 pm Get Up and Go! 12.30 The Sullivans. 1.00 News plus FT Index. 1.20 Thames News. 1.30 Take The High Road. 2.00 Here Today. 2.25 Best Sellers. 4.15 Road Runner. 4.20 Little House on the Prairie. 5.15 Emmerdale Farm.

5.45 News.
6.00 Thames News.
6.25 Help.
6.35 "Watusi," starring George Montgomery and David Farrar.
8.00 Young at Heart.
8.30 TV Eye.
9.00 Funny Man.
10.00 News.
10.30 Thames Report.
11.00 Lou Grant.
12.00 *What The Papers Say.*
12.15 am Close: "Sit Up And Listen," with Commissioner Catherine Bramwell-Booth.

All IBA Regions as London except at the following times:—

## ANGLIA

1.20 pm Anglia News. †2.25 Thursday Afternoon Film: "Girl in the Headlines," starring Ian Hendry and Ronald Fraser. 6.00 About Anglia. 6.20 Arena. 6.35 Crossroads. 7.00 The Palace Presents. 10.30 Diane Solomon at the Wolsey. 11.00 The Questors. 11.30 240 Robert. 12.30 am Thames.

## ATV

1.20 pm ATV News. 4.20 Vicky The Viking. 4.45 Little House on the Prairie. 6.00 ATV News. 6.05 Crossroads. 6.30 ATV Today. 7.00 Emmerdale Farm. 7.30 England Their England. 10.30 Here and Now, presented by Zia Mohyeddin. 11.00 The Questors. 11.30 ATV News. 11.35 Lou Grant.

## BORDER

1.20 pm Border News. 6.00 Lookaround Thursday. 6.35 Crossroads. 7.00 Emmerdale Farm. 7.30 Survival. 10.30 Take the Mick (Fats Waller). 11.00 The Questors. 11.30 Border News Summary.

## CHANNEL

1.20 pm Channel Lunchtime News, What's On, Where and Weather. 6.00 Channel Report. 6.35 Crossroads. 7.00 The Television Programme. 7.30 Mork and Mindy. 10.28 Channel Late News. 10.34 Paris by Night. 11.00 The Questors. 11.30 News and Weather in French.

## GRAMPIAN

9.25 am First Thing. 1.20 pm North News. 5.10 Police News. 6.00 North Tonight. 6.35 Crossroads. 7.00 Top Club. 7.30 Father, Dear Father. 10.30 Soap. 11.00 The Questors. 11.30 Sounds Gaelic. 12.00 North Headlines.

## GRANADA

1.20 pm Granada Reports. 4.20 Anna and the King. 4.45 Story Hour. 6.00 Granada Reports. 6.25 This Is Your Right. 6.30 Crossroads. 7.00 Emmerdale Farm. 7.30 Father, Dear Father. 10.30 Celebration. 11.00 The Questors. 11.30 What The Papers Say. 11.50 Then Came Bronson.

## HTV

1.20 pm HTV News. 4.20 Spiderman. 4.45 The Flying Kiwi. 5.10 Jobline Newsdesk. 5.20 Crossroads. 6.00 Report West. 6.30 Happy Days. 7.00 Emmerdale Farm. 7.30 England Their England: State of Welfare. 10.28 HTV *News. 10.35 Their Lordships Regret.* 11.35 Mannix.

HTV Cymru/Wales—As HTV West except:—9.30-9.45 am Cymru A'r Mor. 12.00-12.10 pm Owain A'r Olion. 4.15 Brendon Chase. 4.45 Ser. 5.15-5.20 Omicron and Sputnik. 6.00 Y *Dydd.* 6.15-6.30 Report Wales. 10.35-12.05 am SS 1923-1945.

## SCOTTISH

1.20 pm News and Road and Weather. 1.30 Out of Town. 5.15 Teatime Tales. 5.20 Crossroads. 6.00 Scotland Today. 6.20 Action Line. 6.30 Sale of the Century. 7.00 Take The High Road. 7.30 Leave It To Charlie. 10.30 Soap. 11.00 The Questors. 11.30 Late Call with Pat Simpson. 11.35 Tenspeed and Brownshoe.

## SOUTHERN

1.20 pm Southern News. 4.20 The Beachcombers. 4.45 The Flying Kiwi. 5.15 Undersea Adventures of Captain Nemo. 5.20 Crossroads. 6.00 Day By Day. 6.30 University Challenge. 7.00 Emmerdale Farm. 7.30 Three's Company. 10.30 People Rule! 11.00 The Questors. 11.30 Father Dear Father.

## TYNE TEES

9.20 am The Good Word. 9.25 North East News. 1.20 pm North East News and Lookaround. 2.25 Thursday Matinee: "A Time For Loving," starring Mel Ferrer and Britt Ekland. 4.15 Cartoon Time. 4.20 Herculoids. 4.50 Tarzan. 6.00 North East News. 6.02 Crossroads. 6.25 Northern Life. 7.00 Emmerdale Farm. 7.30 Benson. 10.30 North East News. 10.32 Soap. 11.00 Check It Out—The team report on the results so far of the International Year of the Disabled. 11.30 Double Top. 12.00 A Re-born Church.

## ULSTER

1.20 pm Lunchtime. 4.13 Ulster News. 5.15 Cartoon Time. 5.20 Crossroads. 6.00 Good Evening Ulster. 6.20 Police Six. 6.30 Happy Days. 7.00 Emmerdale Farm. 7.30 England Their England: State of Welfare. 10.29 Ulster Weather. 10.30 Soap. 11.00 The Questors. 11.30 Bedtime.

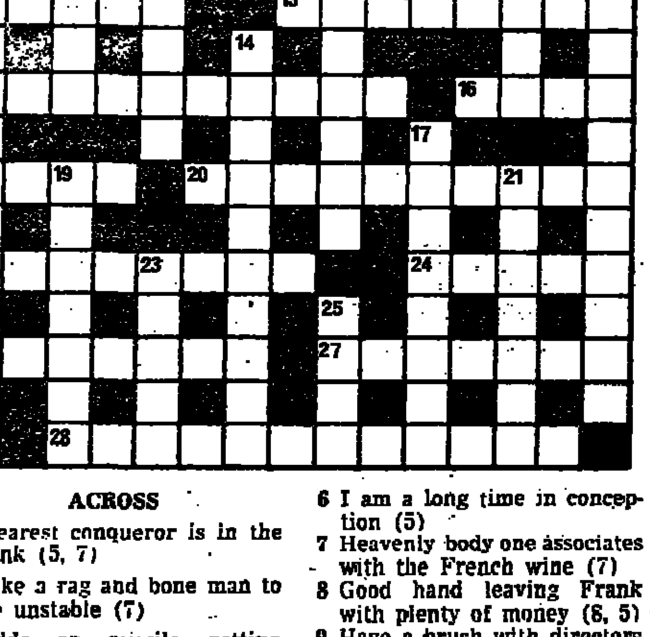
## WESTWARD

12.27 pm Gus Honeybun's Birthdays. 1.20 Westward News Headlines. 6.00 Westward Diary. 6.35 Crossroads. 7.00 The Television Programme. 7.30 Mork and Mindy. 10.31 Westward Late News. 10.34 Paris by Night. 11.00 The Questors. 11.30 Faith for Life. 11.35 West Country Weather and Shipping Forecast.

## YORKSHIRE

1.20 pm Calendar News. 4.20 Sierra. 5.15 The Lincolnshire Show. 6.00 *Calendar (Emley Moor and Belmont editions).* 6.35 Crossroads. 7.00 Emmerdale Farm. 7.30 Survival. 10.30 Calendar Carousel (Professor Wilfred Mellers). 11.00 The Questors. 11.30 George Hamilton IV.

# F.T. CROSSWORD PUZZLE No. 4,603



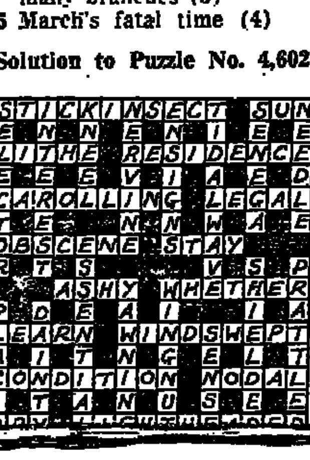
**ACROSS**

1 Dearest conqueror is in the pink (5, 7)
10 Like a rag and bone man to be unstable (7)
11 Odds on missile getting bird (7)
12 All there is in beer given to heartless rat (5)
13 Make classes take note (8)
15 More than a match for a jet (3, 7)
16 Players form (4)
18 It's bound to be a record (4)
20 Agency w-welcome to provide band for broadcasting (6, 4)
22 Discharge indefinite start of race (5, 3)
24 Incumbent fails to finish right page (5)
26 Modern poet paying out (7)
27 Stripper stranger endured (7)
28 Urban rows a director is winning easily (7, 5)

**DOWN**

2 Understanding head—see? (7)
3 Choose right to one third-class kind of power (8)
4 Display of manners by Customs (4)
5 Verse I sell may indicate better choice in painful dilemma (6, 4)
6 I am a long time in conception (5)
7 Heavenly body one associates with the French wine (7)
8 Good hand leaving Frank with plenty of money (8, 5)
9 Have a brush with directors to win everything (5, 3, 5)
14 Girl on the Queen Elizabeth might reveal brute strength (5, 5)
17 Everlasting flower could make Martha an eccentric (8)
19 Birds go soft on Romeo and Juliet (7)
21 Song about blackguard in country paradise (7)
23 Official of church having many branches (5)
25 March's fatal time (4)

**Solution to Puzzle No. 4,602**



(S) Stereophonic broadcast
‡Medium wave

## RADIO 1

5.00 am As Radio 2. 7.00 Mike Read. 9.00 Simon Bates. 11.00 Andy Peebles. 12.30 pm Newsbeat. 12.45 Paul Burnett. 2.30 Dave Lee Travis. 4.30 Peter Powell. 7.00 Wheels with Dave Lee Travis. 8.00 Richard Skinner. 10.00-12.00 John Peel (S).

VHF Radios 1 and 2—5.00 am With Radio 2. 2.00 pm Ed Stewart. 4.00 David Hamilton. 6.00 David Symonds with Much More Music. 10.00 With Radio 1. 12.00-5.00 am With Radio 2.

## RADIO 2

5.00 am Ray Moore (S). 7.30 Terry Wogan (S). 10.00 Jimmy Young (S). 12.00 John Dunn (S). 2.00 Wimbledon Championships. 7.00 Join Radio 2 VHF. 8.00 Country Club with Wally Whyton (S). 9.00 Alan Dell with the Big Band Sound (S). 9.55 Sports *Desk. 10.00* The Impressionists with Roy Alan. 10.30 Star Sound Extra. 11.00 Brian Matthew with Round Midnight. 1.00 am Truckers' Hour with Sheila Tracy (S). 2.00-5.00 You and the Night and the Music (S).

## RADIO 3

6.55 am Weather. 7.00 News. 7.05 Morning Concert (S). 8.00 News. 8.05 Morning Concert (continued). 9.00 News. 9.05 This Week's Composers: Roy Harris and Virgil Thomson (S). 10.00 Doubly harpsichord recital (S). 10.25 Vocal Duets (S). 11.20 BBC Welsh Symphony Orchestra (S). 1.00 pm News. 1.05 Manchester Summer Recital (S). 2.00 Opera: "King Charles' Hunt," by Fredrik Pacius (S). 3.35 Tippett's Piano Sonatas (S). 4.55 News. 5.00 Mainly for Pleasure (S). 7.00 Clementi Sonatas (S) recital by Richard Burnett on a Broadwood Grand of 1823. 7.30 Landscape of Exile by David Zane Mairowitz. 9.15 Mendelssohn Studies (S) Recital (part 2). 9.45 Words. 9.50 Delme String Quartet (S). 11.00 News. 11.05-11.15 Flute and Harp (S).

VHF only—Open University: 6.55-6.55 am and 11.15 pm-12.55 am.

## RADIO 4

6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping Forecast. 6.30 Today including 6.45 Prayer for the Day: 7.00, 8.00 News: 7.30-8.30 News Headlines: 7.45 Thought for the Day. 8.35 Yesterday in Parliament. 9.00 *News 9.05 Fat Dan Joins In.* 9.30 The Living World (S). 10.00 News. 10.02 Policing the 80s. 10.30 Daily Service. 10.45 Morning Story. 11.00 News. 11.05 Analysis. 11.50 Enquire Within. 12.00 News. 12.02 pm You and Yours. 12.27 Brain of Britain 1981 (S). 12.55 Weather. 1.00 The World At One. 1.40 The Archers. 1.55 Shipping Forecast. 2.00 News: 2.02 Woman's Hour. 3.00 News. 3.02 Afternoon Theatre. 4.00 What the Foreigner Saw. 4.15 Bookshelf. 4.45 Story Time (S). 5.00 PM. 5.50 Shipping Forecast. 5.55 Weather. 6.00 News. 6.30 Any Answers? 6.55 It's A Bargain. 7.00 News. 7.05 The Archers. 7.20 Time for Verse. 7.30 Kaleidoscope. 8.00 Previn and the LSO (S). 8.40 Gemmell's Gardens. 9.00 Previn and the LSO (part 2). 10.00 Weather. 10.05 The World Tonight. 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 Today in Parliament. 12.00 News.

## BBC Radio London

5.00 am As Radio 2. 6.30 Rush Hour. 9.03 Morning Star. 10.03 The Robbie Vincent Telephone Programme. 12.30 pm London News Desk. 12.40 The Total Music Show. 2.30 Tony Blackburn. 5.00 News. 5.16 Music on the Move. 6.33 Openings. 7.03 Black Londoners. 8.00 As Radio 1. 10.00 Question Time from The House of Commons. 11.00-5.00 am Join Radio 2.

## London Broadcasting

6.00 am AM—Bob Holness and Douglas Cameron. 10.00 Brian Hayes with Ken Livingstone, leader of the GLC. 12.00 LBC Reports. 7.00 pm London Life. 9.00 Mike Dickin's Nightline. 12.00 LBC Reports Midnight. 1.00 am Night Extra. 4.00 The London Interview. 5.00 Morning Music.

## Capital Radio

7.00 am Mike Smith's Breakfast Show. 10.00 Michael Aspel. 12.30 pm Mike Allen. 1.00 First Report. 1.10 Mike Allen. 3.00 Roger Scott. 6.30 London Tonight. 8.30 Nicky Horne. 10.30 John Sachs's Late Show. 12.00 Midnight Special.

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# THE ARTS



**Covent Garden**

## Peter Grimes

by MAX LOPPERT

Leonard Burt

Jon Vickers as Peter Grimes

The famous Royal Opera *Peter Grimes*, first shown in 1975 and subsequently revived and taken around the world to general acclaim returns to the house for a series of performances, one of which is to be filmed for television and video. Many of the 1975 participants are still at their stations: Elijah Moshinsky as producer, Colin Davis in the pit, Jon Vickers in the title role, Heather Harper, Elizabeth Bainbridge, Forbes Robinson and several others. One or two replacements made me miss the original incumbents — the memory of Heather Begg's Mrs Sedley and Thomas Allen's Ned Keene was not effaced by their successors on Tuesday. John Tomlinson (Hobson) and *Marilyn Hill Smith* (First Niece) were two newcomers who made their mark. Balstrode was to have been shared between Geraint Evans and Norman Bailey, both longtime inhabitants of the production: in view of Sir Geraint's recent serious illness, Mr Bailey now shoulders the complete run.

It is a lonely critic who sits in a crowded theatre charged with enthusiasm and senses something seriously amiss with an enterprise that in its pristine etstate he passionately admired. In 1975 it seemed that the "new look" Mr Moshinsky and his designers, Timothy O'Brien and Tazeena Firth, had found for the opera was capable of screwing up the drama to a new pitch of claustrophobic tension while retaining much of the musical poetry.

Tuesday's performance, I felt, had lost much of the tension and most of the poetry. There is a fearful amount of pseudo-Method-acting, of re-action and response in capital letters followed by four exclamation marks, to be seen on this stage. Mr Robinson's Swallow and Miss Bainbridge's publican are only the two most notable of the many "cameos" lobbed to the back reaches of the amphitheatre and well beyond. The plainness fruitfully learned from black-and-white photographs is gone. Without exception everyone overdoes things, and the action takes on garish tints. Miss Harper, though her singing was as clear and well-formed as ever, has grown an Ellen of unlikely grandeur. On this form, she demands a *Gloriana* revival; but I could hardly discover in her stately bearing the mousy, modest schoolmistress (in any case, an awkward characterisation) of the Britten-Slater imagining.

Vickers was in characteristic voice and action: terrifying in the big outbursts, scoopingly falsetto in the soft, hunched, cragged, and cracked by stress and storm. It remains one of the most riveting operatic impersonations of our day; but at some point in it, it seems to me, Peter Grimes is left far behind, and we are invited to witness the protracted agonies of a medieval saint. (The tenor continues to insist on bowderising the text; "That's no way to make things better than they were" is one of his unhappier substitutions). This was also one of those evenings in which the conductor's control of dramatic tension wavered. Sir Colin's familiar concern for detail brought up some of it with new clarity (rushing scales around "What harbour shelters peace?", wind punctuation in the women's quartet); but quite often one felt the momentum flagging beneath its weight. *Peter Grimes* is still an opera of some "go" at Covent Garden; but that "go" was on Tuesday of a rather questionable kind.

**Festival Hall**

## Ozawa, Yo Yo Ma

by DOMINIC GILL

The last, like the first, of Seiji Ozawa's three concerts with the Philharmonia this month also featured a young and mightily talented soloist. On Tuesday night it was the turn of the 26-year-old Chinese-American cellist Yo Yo Ma to join with the Japanese conductor to produce a performance of a concerto that was as explosive as it was finely, delicately gauged. Together, they wound the tension of each movement of the Dvorak concerto nearly to breaking point: a thrilling surge, each level higher than the last, until the finale's consummation and release. Mr Ma's cello tone was big and golden, his intonation unerring; Ozawa's accompaniment was at once commanding, incisive and discreet.

One reservation only: I hope that Mr Ma will gradually be able to phase out the habit of inclining his head towards the ceiling while he plays with a look of perfect agony on his face, mouth open and eyes tight shut, as if his cello spike had just gone through his foot. The pose goes well with *con gran' espressione* climaxes; but when the mannerism accompanies everything, from *espressivo* to the blandest connecting link, the currency is debased.

It has been exciting to hear the Philharmonia revive under Ozawa a unanimity of spirit and a precision of ensemble and attack often lacking in recent seasons. There is no startling moral to be drawn. Orchestras, like everyone else, benefit from a change of perspective; a visiting maestro can sometimes have a profounder effect in ten days on the sound and spirit of a band than a resident conductor in 12 months.

The Philharmonia's account after the interval of Strauss's *Also sprach Zarathustra* did not have quite the same crackle and finesse as their Chaikovsky Sixth the previous week—(but it was delivered with the same ferocious, uncompromising energy and unswerving sense of dramatic direction. Few conductors have a beat of such absolute, consistent clarity as Ozawa (styles differ, and other conductors prefer different effects and means): but that simple fact explains one of the basic, and also one of the most thrilling, characteristic sounds of his Philharmonia evenings—the razor-edge zip of five dozen bows setting off the vibration of five dozen strings at the self-same second.

## Arts news in brief

A new annual prize for a first novel in English, known as The Triple First Awards is to be instituted jointly by three publishers. It will give a guaranteed advance of £5,000, and publication in hard cover by The Bodley Head, as a paperback by Penguin and in a Book Club edition by Book Club Associates.

The judges will be the three sponsoring companies with the advice of novelists Graham Greene and William Trevor.

Any category of novel is eligible. Submissions for the 1982 Award must be made by 31 December 1981.

★

Robert Cogo-Fawcett will take up the post of administrator of Riverside Studios at the beginning of September. He has been the finance manager of the Royal Exchange Theatre Company, Manchester since 1976 and was previously entertainments manager for the Palace Theatre, Redditch and administrative assistant at the Greenwich Theatre.

★

In a series of five concerts (June 30-July 4) at the Riverside Studios, Hammersmith, some of Hungary's most important young instrumentalists are making rare British appearances.

The programmes cover works by Liszt, Dohnanyi, Bartok and composers of more recent Hungarian generations.

The performers include the Eder String Quartet (playing Haydn and Kurtag), a much-awaited first visit by the New Music Studio of Budapest, the pianist Erika Lux, the renowned cimbalom players Marta Fabián and Agnes Szakály, and the flautist Istvan Matuz.

★

The Arts Council is to make three grants to community bookshops: a grant of £2,000 to the Greater London Arts Association for the Newham Parents Centre towards the cost of stock for a mobile education bookshop; a grant of £5,000 to the Poetry Society for alterations, shelving and stock for the bookshop; and a grant of £7,700 to East Midlands Arts for the setting up and stocking of The Corby Bookplace.

★

John Last, Merseyside county councillor and shadow chairman of the arts and culture committee, has been appointed chairman of the Arts Council housing the arts committee.

The housing the arts committee is responsible for advising the council on the distribution of its capital fund for the building, alteration and improvement of arts venues, including theatres, concert halls, arts centres and art galleries.



**Book Review**

## Shaw on music

by MAX LOPPERT

**Shaw's Music**
edited by Dan H. Laurence. Bodley Head, 3 vols, £15.00 each. Vol. 1: 958 pages; Vol. 2: 986 pages; Vol. 3: 911 pages.

Into these three enthralling volumes every word of Shaw's musical criticism has been gathered. The collection includes all the Corno di Bassetto reviews, as well as *The Perfect Wagnerite. How to become a musical critic*, and all the pieces produced in this century, when his involvement with the business of writing about music, if not with music itself, had become much more sporadic; also, the early notices from 1876 onwards, printed unsigned in The Hornet (to them, Shaw said two decades later, "I owe all my knowledge of the characteristics of bad criticism."). All the famous pieces are here, and *many* previously uncollected. This must now be reckoned the most complete as well as the most important One Man's Music in the English language. Shaw always belonged — and, in smaller-sized editions, has no doubt always reposed—in the central position of every musical bookshelf worth the name. These three compact volumes, excellently edited, indexed, and annotated, are now the simplest and most comprehensive method of placing him there.

What a testament *Shaw's Music* comprises, what a canvas it lays out, what a wealth of unstaled, gloriously plain-spoken, endlessly pertinent comment on the art and the performance of music it offers! For anyone who labours at an occupation that Shaw mastered as completely as any other he undertook, reading the three volumes must prove a compulsive but *also* chastening experience. A long-held opinion of his day, one that still occasionally (and tentatively) re-surfaces even in ours, was that, as he put it, "I am an impudent pretender to musical authority, betraying my ignorance, in spite of my diabolical cunning, in every second sentence."

Nothing of that can survive such a reading: his knowledge of music, in all its aspects practical and theoretical, was immense. Guided by his mother and then by the Dublin teacher Vandeleur Lee, he learned to love and recognise good singing—a detailed appreciation of vocal technique asserts itself, with ineluctable good humour, in every opera or concert notice that he wrote. He gained for himself rudimentary purchase on the piano, and thereby mastered vast areas of vocal and instrumental literature.

He concerned himself, always with a specific end in view, with matters of pitch, programme planning, audience behaviour, theatre and scenic design; he understood about instruments, their make and quality, their reeds, stops, keys and fingerings. He knew about orchestration, and—even if unbridled contempt for the cloistered ways of musical Academe of the later 19th century regularly set off his most brilliant sallies—about harmony and counterpoint. He heard, saw, and pinpointed, in minute detail; he was right so often, and took such endearing pleasure in his campaigns, that even where the passage of time and a transformed historical perspective have done something to redress the balance against the Shavian formulation, the reader remains his happy companion every step of the way. Our view of Brahms, of Schubert's Ninth Symphony ("a more exasperatingly brainless composition was never put on paper"), of the *Fidelio* Quartet, of Liszt, of repeats in Mozart, of *Un ballo in maschera*, even, recently, of Ambroise Thomas' *Hamlet*, may not be his. It hardly matters.

The very first notice (November 29, 1876) is a notice of Cowen's *Pauline*: the last essay, "We sing better than our grandparents!," was published in Everybody's Magazine nine days after his death, in November, 1950. This is three-quarters of a century of musical opinion; prticularly of the closing decades of the 19th century, when Shaw reviewed music regularly, it affords an unrivalled insight into the length and breadth of London, British, and (less exhaustively) European music-making — the absurdities of performance practice, the inconveniences of social custom, above all the critical certitudes and piteties (Mendelssohn as the pinnacle of achievement, Mozart as bright child, Wagner as artistic pervert, oratoria as fitting vehicle for the leading Victorian composers) against which Shaw inveighed so hard and so successfully.

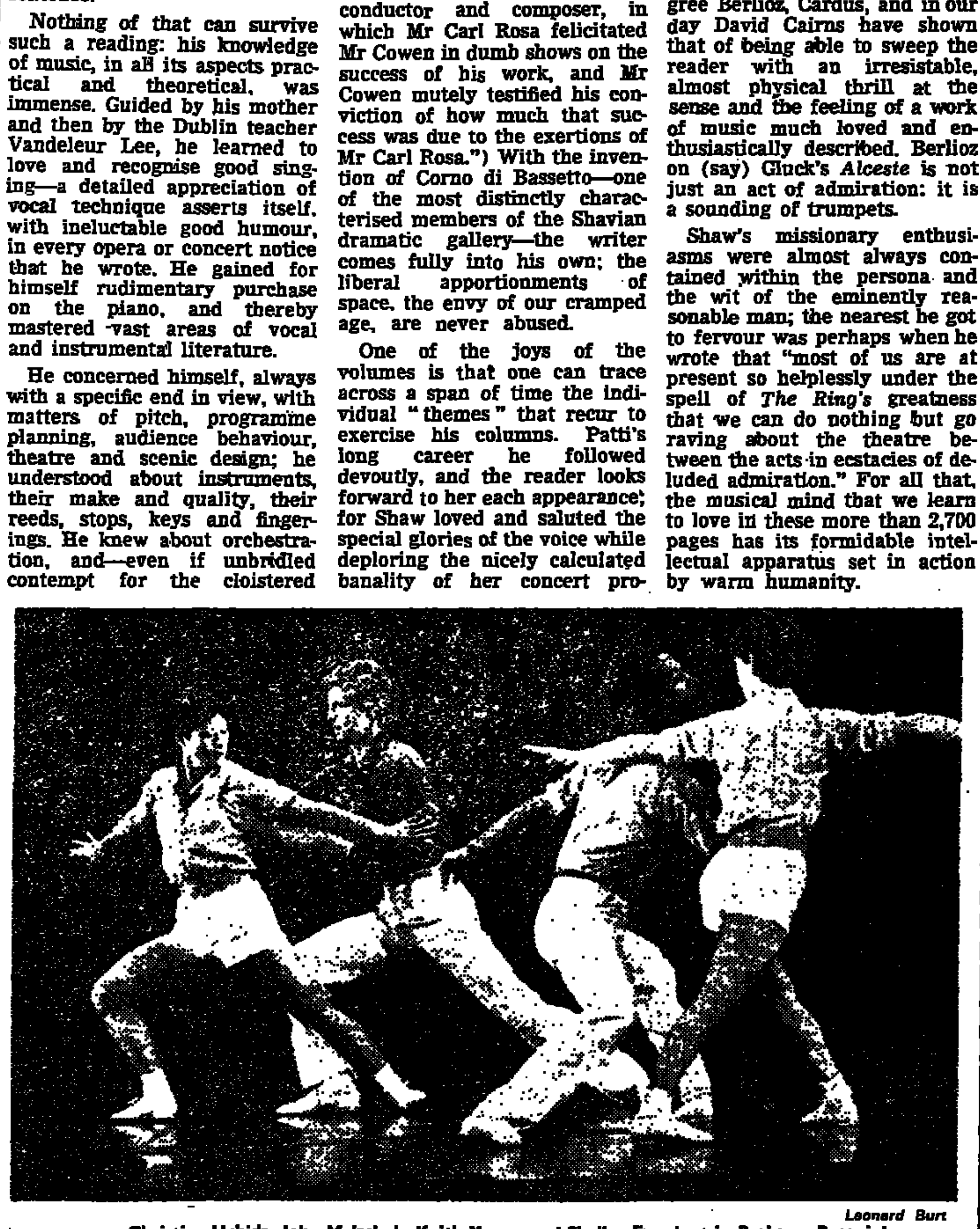
He was wrong to express that belated embarrassment over the early reviews—the evidence of midnight oil is there, but so too, from the first, the trenchancy. ("Finally, a brief *ballet d'action* was performed by the conductor and composer, in which Mr Carl Rosa felicitated Mr Cowen in dumb shows on the success of his work, and Mr Cowen mutely testified his conviction of how much that success was due to the exertions of Mr Carl Rosa.") With the invention of Corno di Bassetto—one of the most distinctly characterised members of the Shavian dramatic gallery—the writer comes fully into his own; the liberal apportionments of space, the envy of our cramped age, are never abused.

One of the joys of the volumes is that one can trace across a span of time the individual "themes" that recur to exercise his columns. Patti's long career he followed devoutly, and the reader looks forward to her each appearance; for Shaw loved and saluted the special glories of the voice while deploring the nicely calculated banality of her concert programmes ("It always amuses me to see that vast audience from the squares and the villas listening with moist eyes while the opulent lady from the celebrated Welsh castle fervently sings 'Oh give me my lowly thatched cottage again.' The concert was a huge success . . . in short, the usual exhibition of the British bourgeoisie in the part of Bottom and the *prima donna* in the part of Titania").

The indolent Jean de Reszke, ever delaying his first engagement with Tristan; Lillian Nordica, "Elsa of New York"; the bleating Gayarré, the "incomparable" Calvé and Giulia Ravogli, the vocal models Santley, Sims Reeves, and Albani, the virtuosos Sophie Menter, Sarasate, Paderewski, the conductors Richter, Mottl, and Siegfried Wagner — all these and a hundred others leap off the page as sharply etched character portrayals, even to the reader with no additional interest in their existence. Sometimes the "personal" tone of the remarks —Shaw did not spare over-weight sopranos or tenors with unfortunate noses — takes the breath away, though its motive is clearly never malice. The iconoclast blows hard against the mists of Bayreuth-worship, even while the Wagnerian recognises the necessity of the pilgrimage. Repeated sparring matches with fellow critics end in a coruscating "show of compliments" between Shaw and Ernest Newman over *Elektra* and *Josephslegende*, Shaw undertaking the defence (though earlier Strauss's conducting of a Bayreuth *Tannhäuser* had been "a complete failure; he kept the band as smooth, but also as inane, as a linen collar").

In "Criticism," one of the most valuable and elegantly argued entries of the New Grove's Dictionary (revised from the previous edition), Winton Dean sums up eight qualities required of the ideal music critic. Shaw had them all. There is perhaps another: one that he lacked and that in differing degree Berlioz, Cardus, and in our day David Cairns have shown that of being able to sweep the reader with an irresistable, almost physical thrill at the sense and the feeling of a work of music much loved and enthusiastically described. Berlioz on (say) Gluck's *Alceste* is not just an act of admiration: it is a sounding of trumpets.

Shaw's missionary enthusiasms were almost always contained within the persona and the wit of the eminently reasonable man; the nearest he got to fervour was perhaps when he wrote that "most of us are at present so helplessly under the spell of *The Ring*'s greatness that we can do nothing but go raving about the theatre between the acts in ecstacies of deluded admiration." For all that, the musical mind that we learn to love in these more than 2,700 pages has its formidable intellectual apparatus set in action by warm humanity.



Leonard Burt

Christina Uchida, John Malashok, Keith Young and Shelley Freydont in Brahams Paganini

**Sadler's Wells**

## Twyla Tharp by CLEMENT CRISP

What Twyla Tharp offers to her audiences, as to her dancers, is daring. Daring in technique, daring in conception, daring even in her use of sources for her inimitable movement language—from the vernacular of the dance-hall to the skating-rink. It is, as we saw at the start of her fortnight season at the Wells on Tuesday, dance of brilliant effects, kamikaze bravura, sheer hell-for-leather energy, all controlled, alert, sharpened to a razor-edge of technical finesse in execution.

The programme began, daringly, with *Brahms' Paganini*, which itself begins daringly, with a 15 minute male solo to the first book of the Brahms' piano variations. This was performed with stunning, tireless mastery by William Whitener. Dressed in a white shirt, cream slacks, white shoes, he offers a consummate display of the Tharpian style, as he spins, leaps, slides, pirouettes, flops, cabrioles and races in glory through one of the most diabolically difficult variations written for a male dancer.

There are references, caught in mid-flight, to the academic manner, to skating, to acrobats, to popular dance. There are sudden changes of tempo; moments when a brief movement seems to echo and reverberate through Whitener's body; other times when his spins seem about to take him into orbit. It is magnificent, tautly linked to the music, and most magnificently danced. Whitener leaves the stage, and two couples and a third girl embark upon a series of exchanges that explore the wall-of-death possibilities of acrobatic partnering, and yet retain—as does Whitener's solo —a sense or order, precision.

In this there seems a clue to Tharp's creative procedures, which are sustained by an intellectual and technical rigour that constantly rescues the dance from wildness, and imposes a strictly conceived order upon dance. This is true of the *Fugue*, seen on Tharp's previous London visit in 1974, where the stamping and fiercely challenging activities of three superb dancers—Tom Rawe, Raymond Kurshals, John Carrafa—have a fascinating logic and interdependence.

The succeeding *Uncle Edgar dyed his hair red* looks at six women, working as pairs, some on stage, others behind a scrim back-drop, where movement passes to and fro between them, in an athletic and sometimes abrupt manner. Again; there is the feeling of a reasoned working-out of dynamic problems: the language contrasts characteristically limber movement with sudden quick flexings of legs and strutting walks, but nothing is self-indulgent.

Even Tharp's view of rock dance in *Ocean's Motion*, which ends this first programme with the music of Chuck Berry, has clarity and not a little wit. It is dancing which evokes the "cool" demotic chic of the dance-hall with its bubble-gum and jokes and disengaged elegance, as the cast skitter and slide and tease each other in fine style. There are two further programmes—not to be missed.

**Apollo Victoria**

## Sammy Davis Jnr

by MICHAEL COVENEY

I had never seen Sammy Davis Jnr on stage before Tuesday. I cannot wait for his next visit. The act is nothing short of sensational, a complete demonstration of musical skills that quite banished my Grosvenor House blues of the night before.

The star reckons that, with your name up in lights, you owe it to the public to come on first. Backed by an *ad hoc* band under the direction of George Rhodes that sounds as though it has been together for years, he sets the house shaking to a stormy version of "April in Paris" à la Basie. The first act closes with 40 minutes of quality middlebrow entertainment from Wall Street Crash—I particularly liked their presentation of "All That Jazz" from *Chicago*.

The second act is all that Davis, announcing "The Birth of the Blues" with the curtain still in. Highlights include the duet with tom-toms built round "I've Got You Under My Skin" that he performed on his first trip to London decades ago. High class musicianship characterises songs from *The Pajama Game* and *Kismet* before "Mr Bojangles" knocks you flat.

Lithe, athletic and totally in control, Davis responded brilliantly to a request for "Change Partners," even if the "middle eight" temporarily *flummoxed the pianist*. There is a wonderful tap routine for "Just In Time" and the party was still going strong after an uninterrupted 80 minutes with impressions, stories and soaring, syncopated melodic lines. Unforgettable.

## Artlaw auction at the Royal Academy

Artists are notoriously generous when it comes to giving their work in a good cause, but this particular occasion is rather one of enlightened self-interest than disinterested generosity; and the community of artists has responded very well indeed. Artlaw, so manifestly necessary an agency, will fail for lack of funds unless, unless . . . An auction is to take place on Friday June 26 at 7 pm in the Diploma Galleries of the Royal Academy, admission by invitation, which is to be had by personal or telephonic application to the Academy (01-734 9052 x67), and its substance amounts to a fair slice of British art of these past 20 years.

The well established are there in force, Hockney, Blake, Caulfield, Kitaj, Moore, Piper, Hoyland and Paolozzi and all, and the support is as various as it is distinguished, from the senior members of the Academy itself, Buhler, Weight, Greenham, Bawden, Tindle, to the comparatively unknown. The artists have been sensible, putting up work that is neither dauntingly expensive, nor obviously left over. The estimates are reasonable, and there are bound to be any number of bargains.

W. P.

## UK ECONOMIC INDICATORS

**ECONOMIC ACTIVITY**—Indices of industrial production, manufacturing output (1975=100); engineering orders (1975=100); retail sales volume (1976=100), retail sales value (1976=100); registered unemployment (excluding school leavers) and unfilled vacancies (000s). All seasonally adjusted.

| | Indl. prod. | Mfg. output | Eng. order | Retail vol. | Retail value* | Unem-ployed | Vacs. |
|---|---|---|---|---|---|---|---|
| 1980 | | | | | | | |
| 1st qtr. | 109.8 | 100.2 | 100 | 110.2 | 158.6 | 1,379 | 193 |
| 2nd qtr. | 106.4 | 96.8 | 98 | 109.2 | 164.3 | 1,498 | 159 |
| 3rd qtr. | 103.2 | 93.2 | 84 | 108.9 | 170.3 | 1,699 | 120 |
| 4th qtr. | 100.3 | 89.1 | 79 | 109.0 | 205.2 | 2,020 | 98 |
| Oct | 100.9 | 90.2 | 76 | 109.7 | 179.1 | 1,893 | 100 |
| Nov | 100.3 | 89.1 | 83 | 109.2 | 192.8 | 2,030 | 96 |
| Dec | 99.7 | 88.0 | 79 | 108.4 | 236.0 | 2,137 | 99 |
| 1981 | | | | | | | |
| 1st qtr. | 98.6 | 87.7 | | 112.7 | 174.4 | 2,304 | 100 |
| Jan | 98.2 | 87.4 | 88 | 114.0 | 177.6 | 2,228 | 104 |
| Feb | 98.9 | 88.1 | 91 | 112.9 | 170.1 | 2,304 | 98 |
| March | 98.8 | 87.5 | | 111.5 | 175.4 | 2,381 | 97 |
| April | 98.6 | 88.2 | | 111.4 | 181.6 | 2,452 | 94 |
| May | | | | 111.0 | | 2,515 | 92 |
| June | | | | | | 2,553 | 82 |

**OUTPUT**—By market sector; consumer goods, investment goods, intermediate goods (materials and fuels); engineering output, metal manufacture, textiles, leather and clothing (1975=100): housing starts (000s, monthly average).

| | Consumer goods | Invst goods | Intmd. goods | Eng. output | Metal mnfg. | Textile etc. | Housg. starts* |
|---|---|---|---|---|---|---|---|
| 1980 | | | | | | | |
| 1st qtr. | 104.5 | 101.3 | 123.6 | 99.1 | 57.3 | 92.2 | 13.3 |
| 2nd qtr. | 98.0 | 96.4 | 123.2 | 93.2 | 94.2 | 85.6 | 15.2 |
| 3rd qtr. | 97.0 | 94.9 | 117.3 | 91.1 | 76.6 | 82.2 | 12.5 |
| 4th qtr. | 93.7 | 90.0 | 116.8 | 85.3 | 70.6 | 77.2 | 10.1 |
| Oct | 95.0 | 92.0 | 117.0 | 87.0 | 69.0 | 77.0 | 11.9 |
| Nov | 93.0 | 90.0 | 117.0 | 85.0 | 73.0 | 78.0 | 11.2 |
| Dec | 93.0 | 89.0 | 117.0 | 84.0 | 70.0 | 76.0 | 7.1 |
| 1981 | | | | | | | |
| 1st qtr. | 93.1 | 86.1 | 117.2 | 82.1 | 76.1 | 77.3 | 10.6 |
| Feb | 94.0 | 86.0 | 118.0 | 82.0 | 77.0 | 78.0 | 11.0 |
| March | 93.0 | 86.0 | 118.0 | 82.0 | 78.0 | 78.0 | 10.7 |
| April | 93.0 | 86.0 | 119.0 | 83.0 | 84.0 | 76.0 | 12.7 |

**EXTERNAL TRADE**—Indices of export and import volume (1975=100); visible balance; current balance (£m); oil balance (£m); terms of trade (1975=100); exchange reserves.

| | Export volume | Import volume | Visible balance | Current balance | Oil balance | Terms trade | Resv. US$bn* |
|---|---|---|---|---|---|---|---|
| 1980 | | | | | | | |
| 1st qtr. | 133.0 | 126.9 | −388 | + 54 | − 95 | 101.0 | 24.87 |
| 2nd qtr. | 126.2 | 126.2 | −320 | − 88 | − 11 | 103.4 | 28.15 |
| 3rd qtr. | 125.1 | 118.7 | +616 | +870 | −157 | 105.5 | 28.08 |
| 4th qtr. | 126.5 | 111.8 | +1,269 | +1,885 | +222 | 105.6 | 27.90 |
| Sept | 121.9 | 114.8 | +344 | +429 | + 39 | 105.3 | 27.64 |
| Oct | 124.5 | 106.3 | +506 | +711 | +133 | 105.3 | 28.03 |
| Nov | 129.4 | 114.6 | +410 | +615 | + 54 | 105.6 | 28.19 |
| Dec | 125.7 | 114.5 | +353 | +559 | + 35 | 105.1 | 27.48 |
| 1981 | | | | | | | |
| 1st qtr. | | | | | | | 28.34 |
| Jan | 123.9 | 101.3 | +742 | +1,042 | +210 | 106.4 | 28.39 |
| Feb | 121.7 | 114.3 | +314 | +614 | +231 | 105.1 | 28.43 |
| March | | | | | | | 28.21 |
| April | | | | | | | 28.07 |
| May | | | | | | | 26.49 |

**FINANCIAL**—Money supply M1 and sterling M3, bank advances in sterling to the private sector (three months' growth at annual rate); domestic credit expansion (£m); building societies' net inflow; HP, new credit; all seasonally adjusted. Minimum lending rate (end period).

| | M1 % | M3 % | Bank advances % | DCE £m | BS inflow | HP lending | MLR % |
|---|---|---|---|---|---|---|---|
| 1980 | | | | | | | |
| 1st qtr. | − 4.0 | 7.2 | 21.9 | +1,725 | 634 | 2,049 | 17 |
| 2nd qtr. | − 1.5 | 10.7 | 23.3 | +3,472 | 697 | 1,964 | 17 |
| 3rd qtr. | 11.8 | 36.1 | 45.2 | +6,336 | 1,090 | 1,933 | 16 |
| 4th qtr. | 8.8 | 20.1 | 11.2 | +3,327 | 1,253 | 1,793 | 14 |
| Oct | 4.3 | 21.8 | 19.3 | +1,432 | 520 | 629 | 16 |
| Nov | 6.2 | 17.7 | 7.7 | + 971 | 285 | 559 | 14 |
| Dec | 16.1 | 20.9 | 7.0 | + 924 | 448 | 605 | 14 |
| 1981 | | | | | | | |
| 1st qtr. | 6.4 | 8.6 | 12.4 | +1,343 | 1,081 | 1,884 | 12 |
| Jan | 5.8 | 11.7 | 10.1 | + 345 | 446 | 620 | 14 |
| Feb | 13.1 | 7.8 | 12.9 | + 123 | 366 | 638 | 14 |
| March | 0.8 | 6.4 | 14.3 | + 875 | 269 | 626 | 12 |
| April | 25.3 | 13.4 | 3.9 | +1,974 | 296 | 657 | 12 |
| May | 21.7 | 18.9 | 7.0 | +1,064 | 436 | | 12 |

**INFLATION**—Indices of earnings (Jan 1976=100); basic materials and fuels, wholesale prices of manufactured products (1975=100); retail prices and food prices (1974=100); FT commodity index (July 1952=100); trade weighted value of sterling (1975=100).

| | Earnings* | Basic matls.* | Whsale. mnfg.* | RPI* | Foods* | FT* comdty. | Strlg. |
|---|---|---|---|---|---|---|---|
| 1980 | | | | | | | |
| 1st qtr. | 167.7 | 197.2 | 191.4 | 248.8 | 247.5 | 284.47 | 93.0 |
| 2nd qtr. | 178.9 | 201.3 | 199.0 | 263.2 | 255.9 | 267.45 | 94.5 |
| 3rd qtr. | 188.4 | 201.9 | 203.6 | 268.9 | 259.3 | 275.13 | 96.7 |
| 4th qtr. | 193.3 | 203.3 | 206.1 | 273.9 | 260.7 | 269.25 | 100.2 |
| Oct | 189.9 | 201.4 | 205.3 | 271.9 | 259.3 | 274.65 | 99.2 |
| Nov | 192.6 | 203.4 | 206.2 | 274.1 | 260.0 | 270.56 | 101.1 |
| Dec | 197.3 | 205.1 | 206.7 | 275.6 | 262.7 | 262.53 | 100.2 |
| 1981 | | | | | | | |
| 1st qtr. | 195.3 | 213.8 | 212.2 | 280.4 | 268.7 | 257.79 | 101.2 |
| Jan | 193.3 | 209.7 | 209.9 | 277.3 | 266.7 | 251.88 | 102.0 |
| Feb | 194.8 | 214.0 | 212.0 | 279.8 | 268.9 | 259.93 | 102.5 |
| March | 197.8 | 217.8 | 214.7 | 284.0 | 270.6 | 261.56 | 99.7 |
| April | 199.5 | 221.2 | 217.8 | 292.2 | 274.2 | 258.61 | 99.2 |
| May | | 226.0 | 219.0 | 294.1 | 276.7 | 255.14 | 98.8 |

* Not seasonally adjusted

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Thursday June 25 1981

# Pensions and mobility

ANYBODY IN Britain who changes jobs at any point in his career suffers a large financial penalty if he is a member of a private occupational pension scheme. The magnitude of this penalty is not widely recognised, which is perhaps why the problem of preservation of pension rights has never been high on the agenda of financial reform. The report published yesterday by the Occupational Pensions Board is welcome if only because it will bring the problem to public attention more clearly than before.

### *Heavy cuts*

Even a single move halfway through a 40-year-long career will reduce pension rights by 40 or 50 per cent if the rate of inflation averages the annual 9 per cent experienced over the past 20 years. Somebody who holds four jobs over 40 years will receive a pension about 70 per cent lower than he would have obtained had he spent his whole life with a single employer.

Yet the total contributions paid into pension funds would be exactly the same in all these cases. The contributions which produce a pension of £1,000 for one man generate only £300 for another—and almost nothing at all for many more who change jobs far more frequently than three times during their careers.

There is nothing mysterious about how this injustice comes about. There is nothing inherently complicated or even expensive about the measures which would have to be taken in order to accord to mobile workers the same treatment which is enjoyed by those who spend the whole of their lives as members of a single pension scheme. The fundamental problem is not inflation, but the structure of occupational pension schemes. Almost all pension schemes quite explicitly earn "profits" by forcing early leavers to give them large interest-free loans for periods of 20, 30 or even 40 years. These profits are used to subsidise the pensions of those who remain within the scheme.

Redressing this injustice need not necessarily require contributions to pension schemes to be increased, as the OPB suggests, and as the Government and employers fear. Equity could also be restored by scaling down the pension rights promised to all scheme members to the level that could be justified on the basis of present contribution levels once the "profits" from early leavers are eliminated. If the workings of pensions were more clearly understood, such a reform need not provoke opposition from employees. For only a very small proportion ever actually receive the benefits they are promised at present, precisely because they change their jobs at some point during their careers. It is a bad reflection on both the OPB and the present state of the pensions industry that no reliable figures exist on how often pension scheme members do in fact change jobs.

The OPB, however, believes that in the long-run the full cost of introducing equality of treatment would have to be financed by levying higher contributions and not by reducing the pensions of those who are subsidised by the present system. It considers, therefore, that requiring full equality would be too expensive and suggests that early leavers' pensions should be given some measure of protection, but only up to a maximum of 5 per cent a year. The cost of such a reform seems relatively modest—between 1 and 2 per cent of total payrolls.

### *Protection*

On closer inspection, however, the OPB's proposals appear to be only a very small step in the right direction. In addition to setting an arbitrary limit on the degree of pension preservation, the OPB suggests that protection of early leavers who change jobs within less than five years of joining a scheme should remain optional. Since three-quarters of all job moves take place during this period, the OPB therefore sidesteps a most important part of the problem which it purports to solve. The most mobile workers would continue to see their pension contributions wasted under the OPB's proposals.

If the OPB, the pensions industry and the Government cannot come up with a more comprehensive solution to this problem within the present structure of occupational pensions, the time may have come to look at more radical solutions. One possibility would be to give all employees the right to opt out of company pension schemes and invest their tax-free pension contributions instead in personal trusts, such as those run by insurance companies for the self-employed.

# Stirring up the Taiwan issue

THE U.S., in the person of Secretary of State Alexander Haig, has managed partially to reassure Peking that it does not intend to upgrade its relations with Taiwan or supply it with more sophisticated arms. The U.S. offer to sell lethal weapons to Peking—and the existing military co-operation evident in the newly-revealed installation of missile-tracking equipment—confirms the long-term U.S. interest in maintaining its relationship with mainland China.

### *Suspicion*

What probably remains is a Chinese suspicion that President Reagan and his White House staff have a continuing predilection for Taiwan, in the misguided belief that China might acquiesce in it, in order to continue to enjoy the benefits of a relationship with the U.S.

The Chinese, however, insist that Sino-U.S. relations must be firmly based on the communique on normalisation signed at the end of 1978. This stated that the U.S. recognised the Peking Government as the sole Government of China. It declared that the U.S. was terminating its relations with Taiwan but would maintain trade and cultural contacts, which later were enshrined in the Taiwan Relations Act, 1979. Informally, the Chinese said the question of arms sales to Taiwan could be set aside for the time being.

This arrangement worked smoothly until Mr Ronald Reagan entered the presidential race last year. He said more than once that relations with Taiwan should become official. Encouraged, the Government in Taipei began to press for more sophisticated U.S. aircraft.

When the Chinese began to pick up the new signals they reacted predictably. Even though Mr Reagan backtracked once he became President the Chinese began to snipe at the Taiwan Relations Act and to warn that the supply to Taiwan of more and better weapons would not be tolerated. Now that this issue has been raised again it will not be easy to restore the status quo.

It was a pity Mr Reagan did not leave this nest of hornets alone. President Carter and Vice-chairman Deng Xiaoping achieved the previously unimaginable by resolving the main points of the Taiwan question in the interests of a more realistic and beneficial Sino-U.S. relationship. Stirring it up only threw a contentious issue back into play when all parties were pragmatically turning a blind-eye to it. The continuation of Taiwan's unofficial but otherwise comfortable existence was clearly in the best interests of all concerned.

Peking still holds to its claim to Taiwan as a province of China but is well aware of the risks of any steps towards final solution. Vice-chairman Deng has gone on record as saying that Taiwan could keep everything but its sovereignty in the event of reunification. Since 1978 Peking has run a persuasive campaign to get Taiwan notables to visit the mainland. China is militarily unable to take Taiwan by force but it could harass the island and its trading partners if it wished. However, by far the best long-term strategy is diplomacy and patience. This was the course Peking seemed prepared to follow in the past.

For Taiwan the issue is still outwardly one of its claim to be the rightful Chinese government. The instability in Peking in recent years has encouraged this claim in the sense that the Chinese socialist system itself has been under fire and the leadership unable to satisfy the aspirations of its people.

### *Old guard*

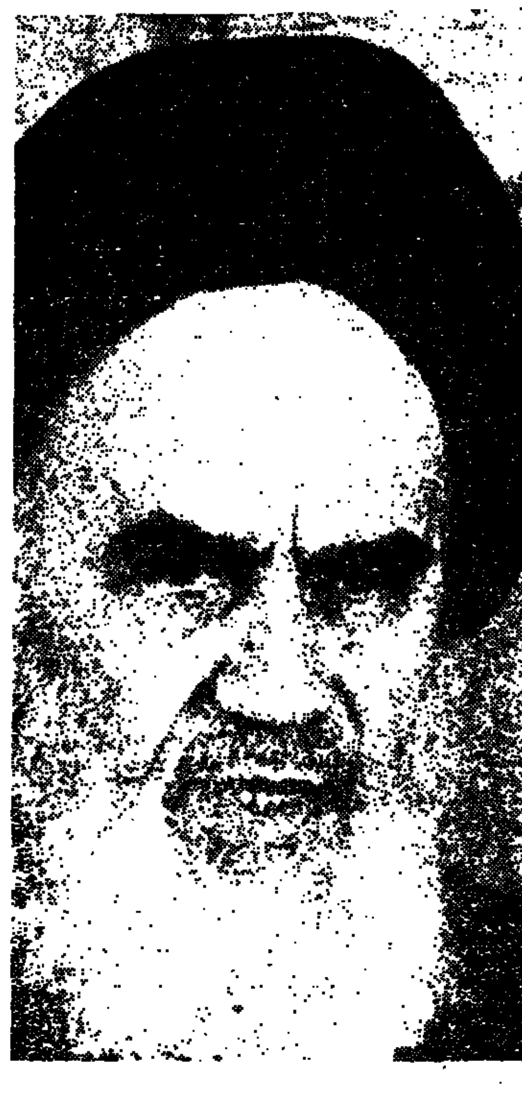
But it is surely more important for Taiwan to maintain its own independence, something its economic success is increasingly underpinning. When the Nationalist old guard in Taipei dies away, the new generation, mainly Taiwan-born, may eventually be ready to give up the claim to leadership of the mainland.

Peking would not relish an independent Taiwan but a satisfactory formula might yet be found. The practical course for the present is to return the issue to the limbo in which it has existed since 1978 and await events. These could include the growth of a more liberal and prosperous mainland China offering a loose federative union into which an affluent island province some 120 miles away might eventually fit.

IRAN AFTER BANI SADR

# Back to the fundamentals

By Terry Povey in Tehran



Eighteen months ago Mr. Abol Hassan Bani Sadr (right) was elected President of Iran with 85 per cent of the votes. Today he is a hunted man. Without the support and protection of Ayatollah Khomeini (left), the revolutionary leader, he has been swept away by the fundamentalists and already the wheels are in motion to appoint a successor. Now, with total monopoly of power the regime has to deal with the pressing problems of the economy and the nine-month war with Iraq.

JUST TWO weeks ago Mr Abol Hassan Bani Sadr was President of Iran, Commander in Chief of its armed forces and the titular leader of the Opposition to the Fundamentalist Islamic forces in the country.

Today, he is a hunted man accused by his opponents of treason, and mal-administration in the economy and the war. Without the backing of revolutionary leader Ayatollah Khomeini, the Fundamentalist avalanche has swept him away.

So sudden was his demise that had he been the Head of State, one would have been justified in calling it a putsch or at the very least a palace coup. But he has not the Head of State. He was yet another dispensable functionary with a right of tenure just so long as the Ayatollah extended his armed support and protection. And it was this Mr Bani Sadr forgot.

The result is that Iran has now been pitch-forked into the next phase of the revolution which began with the overthrow of the late Shah two and a half years ago. It is hardly a good time for a new convulsion—the nine-month war with Iraq shows no signs of ending and the economic situation is worsening.

Yet paradoxically, the end result could be the period of stability the country needs, even if Tehran is now once again the scene of arrests, executions and dismissals. This time the officials being hunted are those loyal to Bani Sadr who only 18 months ago was elected President with 85 per cent of the vote.

Already the wheels are being set in motion for the selection of Bani Sadr's successor. This time the fundamentalists aim to get it right.

It could even be this next contest will be a one horse race with the man chosen, possibly Premier Mohammed Ali Rajai, ready and happy to play a largely ceremonial role. For that is the only role that Iran's political situation appears to allow for the post which one constitution describes as "next to the leader the highest authority in the country."

Certainly in the current climate candidates other than mainstream fundamentalists will find campaigning extremely difficult.

But, as always, things are not quite what they seem in Iran. The fundamentalists are not now so dominant that they have eclipsed all opposition for a long time to come. Mr Bani Sadr was probably right when he claimed that he would win the majority of votes should there be fresh elections, although perhaps not by the 85 per cent he talked of.

What the ex-president did not seem to realise was that this particular power struggle was always going to be decided by those most willing to fight on the streets, and not by the ballot box.

The fundamentalist street fighters may be better armed and better organised than their opponents, as they have been over the past two years. But two forms of opposition still exist.

The first is the coalition of the radical Moslem People's Mojahedin with the tattered remnants of the president's men and the thin layer of liberal, leftist and nationalist activists who have not gone completely underground.

Second, there is a far wider discontent which is most observable in the middle classes, but which appears to be present in all layers of society. This discontent is, however, very diffused.

The opposition has been unable to mobilise it over the past two weeks and this has been an important reason for the fundamentalists' success. "I don't want to die just for Mr Bani Sadr" is a typical reaction of this second group.

## The next contest may be a one-horse race

Others argue that now is the time to leave the fundamentalists to grapple with the intractable problems of the country and none is more daunting than the state of the economy.

Since the revolution there has been a steady rundown of the economy in general and of many parts of industry in particular. The two most pressing problems are:

● An even larger part of Iran's basic food is now being imported—sugar, beet, rice, vegetable oil, meat and eggs are all being sold substantially below world prices on the domestic markets. Goods available through the rationing system introduced since the start of the Gulf war (and possibly destined to become a more permanent feature of life) are sold at about one half to two-thirds of the price levels prevelant in Western Europe.

● Inflation continues to run at rates of 25 to 30 per cent. This has not been severe enough to force a harsh cutback in living standards, at least not yet. Indeed the Government's willingness to go on paying out wages despite little return in services or production has artificially maintaned a mini-consumer boom. The pavements of central Tehran have witnessed an explosion of stalls selling a wide variety of consumer goods ranging from video tapes to crockery.

Ironically now that they are in control, the fundamentalists may well opt for deflation. Indeed most of Iran's radical economists appear to be monetarists and there is a strong monetarist lobby in the Central bank and the economic ministries. Dr Mohsen Nourbakhsh, appointed Head of the Central Bank 10 days ago, said then that "inflation will be dealt with by limiting the money supply."

This year's budget could provide an ideal opportunity to institute a deflationary policy. But this could have severe political repercussions as it would hit hardest at the poor. Failure to maintain food subsidies would mean a serious and immediate cut in their living standards.

The budget (which runs to March 1982) relies on a doubling of oil exports from the current 1.3bn barrels a day (b/d) to some 2.5bn b/d to cover Government expenditure over the current year. But so far there has been little sign of any more than a minor increase in crude exports, and with the year already into its fourth month the revenue figures seem likely to be well off target.

At the same time Iran has begun quietly but effectively repairing the often badly strained relations between it and foreign companies involved in continuing contracts or in trade. Many report that they are finding relations with their Iranian counterparts easier than at any time since the revolution and the combination of public self righteousness towards the West and private pragmatism has been commented on by many in recent months.

Mr Bani Sadr was inclined to use two somewhat contradictory approaches in the economy. On the one hand, he presented himself as a friend of western Europe and insisted upon respect for international law, existing contracts and so on. But on the other hand—for political or other reasons—he would turn on harsh nationalist rhetoric to oppose specific relations with Western companies.

So the more hard boiled of the foreign business community have shed few tears over his dismissal. "What Iran needs is stability. It can no longer go on in a situation where every contract, however small, is subject to endless politicking and gets stuck at the drawing board stage," said one West German contractor.

For the time being, however, there will be problems when foreign companies try to deal with fundamentalist Iran. Recently, a Swiss company was asked to sign a contract that included a statement to the effect that the deal was subject not just to the Iranian courts but also to Islamic laws. As no one could tell the company what precisely this meant and all involved wanted the contract to go ahead, an old contract with pre-revolutionary terms and conditions was simply extended.

## Driving opposition underground has its dangers

Intimately connected with need to improve the economy, is the need for an all-out effort to end the nine-month-old war with Iraq. Mr Olof Palme, the former Swedish Prime Minister, was in Tehran several days ago at the insistence of the fundamentalists. It is reported that the trip was made with some trepidation by the UN for fear that in such a period fruitful negotiations could not be possible.

So far, no clear end to this war is in sight but this Iranian expression of continued interest in negotiations must be taken as positive. It could well be the case, as with the U.S. hostage crisis, that an end to the war may come suddenly with Iran making its own choice of intermedaries.

At the front itself, according to reports published in Tehran, a stepped-up effort is being made by the Iranian forces to regain some momentum. At the very least the Fundamentalists may wish to make Baghdad think twice about continuing with the war. The removal of Mr Bani Sadr will give them a freer hand in conducting the talks because they will not have to endure criticism from highly placed officials like him.

An end to the war would also open the way for a fresh round of purges in the armed forces, which, of course, would further weaken any potential for opposition from this quarter.

There are, however, many pitfalls on the road now being taken by the fundamentalist regime. Now that it finally has monopoly of power it can hardly blame its failures on anyone else. And given the variety of beliefs—ranging from radical populism to the advocates of free market economy—within its ranks, further power struggles could well break out should the going get difficult.

Driving all opposition underground also has its dangers and under certain circumstances may even enhance its appeal. Parts of it could turn towards terrorism on the grounds that if execution awaits anyway, then why not assassinate and plant bombs. Restoring some legal basis for the opposition would appear essential, but on past experience, unlikely.

In the short term also, the handling of the war and the economy will present major difficulties. A serious military defeat or a mishandling of the delicate balance between inflation and super inflation, between unemployment and the money supply could well upset the political system. If a serious food shortage were to take place then surely some of even the most ardent supporters might begin to doubt.

As with everything in the post-revolution era the dominant question remains the health of Ayatollah Khomeini. This regime remains so dependent on this one 81-year-old man, that a constant struggle to make sure of being able to keep power in the event of the Ayatollah's death seems inevitable.

Ayatollah Khomeini has held the country together and steered it towards his very personal vision of a functioning Islamic state operating in the twentieth century on the basis of laws drawn up 1,400 years ago. Many of the clergy disagree with his interpretation of these laws but their opposition remains muted.

For the time being it appears that as long as the Ayatollah lives, his Islamic Republic will survive. The power struggles of the past two years have in reality been jostling for positions in the expectation that he will not be around for much longer.

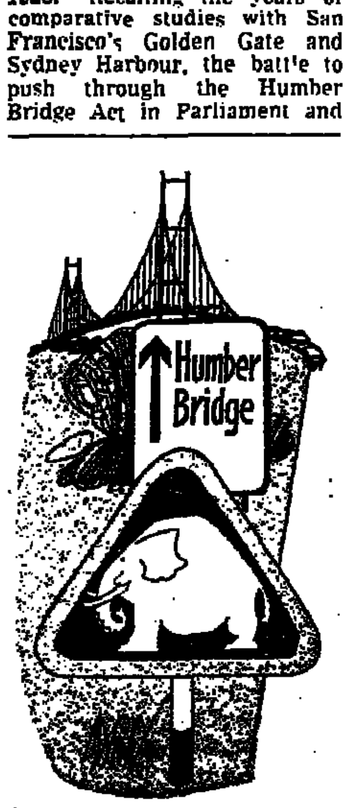
# MEN AND MATTERS

## A Colossus of roads

They have called it a bridge from nowhere to nowhere, a bridge too far, even a bridge of sighs, but finally yesterday, after the inevitable delays and the equally inevitable bomb scare, the Humber Bridge opened to traffic.

At a cost swollen from a 1973 estimate of £26m to a *final* £91m (excluding rolled-up interest), the modest blue Triumph Herald of Alec Clarke, chairman of the Humber Bridge Board, chugged gently through the 510 ft towers, across the 7,284 ft span to the waiting crowd on Barton shore.

Behind him, riding proudly in the Lord Mayor of Hull's double decker bus, was Sir Leo Schultz, the elder statesman of Hull politics who has fought for a bridge to be built since 1928. Recalling the years of comparative studies with San Francisco's Golden Gate and Sydney Harbour, the battle to push through the Humber Bridge Act in Parliament and the years perusing budgets, it would have been churlish to doubt his masterly understatement: "I have been looking forward to this."




One figure missed in the crowd of VIPs was Euro-MP Barbara Castle, whose promise "You shall have your bridge," was thought to be a key to Kevin McNamara's success in winning the Kingston-upon-Hull by-election in 1966. Though local wits have designated the bridge — Barbara's folly—she is expected to be present at the official opening by the Queen on July 17.

With the VIPs safely over, the common herd—some of which had been queueing for the crossing since 8 pm on Tuesday—followed on behind, to be greeted by an enthusiastic crowd with banners promising "Foreign currency accepted" and "No passport necessary" — a reminder perhaps of the Heath Government's controversial metamorphosis of the fisherfolk of Yorkshire with their Lincolnshire neighbours into the present Humberside.

Whether the enthusiasm will last is another matter, but can only be hoped that the same positive attitude will persist, at least in 60 years time when the money raised—75 per cent from the Government, and 25 per cent privately—must be repaid.

But yesterday all that was forgotten. While the ratepayers of Hull, Beverley and Glanton will eventually have to foot the bill, those who witnessed the opening are far too young to care, many future debtors have not yet been born.

For a day at leas,t the world's largest single span suspension bridge, had put a murky northern estuary firmly on the map.

## Smoked in

The lure of consultancies with big tobacco companies is clearly addictive. Following the defection of Dr Andy Nelmes, a principal scientific officer and toxicology expert to Gallaher six months ago, I now hear that Lord Hunter of Newington is treading the same gamekeeper-to-poacher path.

Hunter, the vice-chancellor of Birmingham University, was until last year the chairman of an independent scientific committee set up to advise the Government on smoking and health and introduce lower tar levels. He has now agreed to apply his expertise to help Imperial Tobacco to get them down.

While still insisting that "the best way to preserve health is not to smoke," he justifies his move by saying that "there are millions of people who do smoke, and so there is a responsibility to try and make it less dangerous." Hunter says he will work solely on the best way to lower tar levels, for what he describes as "the normal, modest consultancy fee."

The Department of Health, meanwhile, is speaking volumes with its usual "no comment."

## Return to sender

If Andrew Smith (alias Mao Tse) is still awaiting a postcard from one of his more jovial comrades, he can find it stuck upon a wall in the Post Office's headquarters in the City. I hope, however, he will forgive me for reading his mail, but the PO had singled it out along with several others as examples of the 100m badly addressed letters, parcels and cards they receive every year.

With the postcard season now underway, the PO have launched a plaintive appeal for co-operation from the public over getting addresses right, or indeed putting them on in the first place. One hundred thousand were sent without any addresses at all last year of which at least one, labelled simply "Dear Edna, Nick and Family" miraculously got through to Bolton.

Usually the nations' letter writers make some kind of attempt to indicate the desired destination. The letter addressed to "The Antique Shop which, if you stand with your back to the channel, is on the promenade at the right hand end" was a cinch. But the good wishes aimed at "a Ford Cortina Estate Mark III (Arizona Gold) somewhere in the Newquay area" didn't make it.

The rather exhausted looking men at the PO claim that around 80 per cent of the poorly addressed mail does eventually reach its goal, though at a cost of £8m a year and the labour of one thousand full-time staff. Regular auctions of unclaimed goods ranging from sneezing powder to expensive jewellery gross revenue exceeding £¼m, which is duly ploughed back into the service. The 15,000 rolls of unexposed film are burnt, however.

Despite their doleful appeal, it was clear that the men from the P.O. were not entirely depressed by their sleuthing. And it was with a broad grin that Brian Evans, the head of Inland Mails, proudly displayed a letter addressed to a man in ARIJABA — it got to Harwich Harbour post haste.

## Sized up

A new unit of measurement was described to delegates at an international conference in London yesterday—the DDB. Geoffrey Read, Manchester's city engineer, has invented the term to describe the size of the holes in roads caused by the frequent collapses that have occurred over the past five years in the city's 100-year-old sewer network; it stands for Double Decker Bus.

The biggest hole to suddenly appear, Mr Read told the conference, was a good four DDB in size—news that should chill the hearts of the Greater Manchester Bus Company.

ECONOMIC VIEWPOINT

# Inflation and growth: the facts

## (and rather too many of them)

SO, PLEASE don't turn the page because of the formidable array of numbers which decorates this article. The numbers are necessary, because the purpose of this article is to argue that policies should be based on evidence, and not on possibly misleading generalisations; so those with a taste for such things can look at the evidence — all of it — and decide for themselves whether the generalisations I am offering are misleading or not. Alternatively, you can just read an improving text and let the details fend for themselves. Now, if you are sitting comfortably, we can begin.

It was Keynes who remarked that all politicians are, without knowing it, the intellectual slaves of some dead economist, and then went on to enslave the generation which followed his own death. However, in the present post-Keynesian era, when the standing of economists in general has sunk to the level of architects and other fallen idols, we seem enslaved to something even more dangerous than doctrine: simple-mindedness.

While there are still a few serious arguments going on, mainly about monetary economics, many of the ruling ideas of our time are little more than poker-work slogans, which would not survive a moment's serious analysis. Supply-side Lafferism, based on curves floating in empty space, like a toothpaste advertisement, can still do much harm, although it is now widely discredited. Faith in market forces among those who prefer to overlook the sordid facts of market structure can be equally misleading.

Now the dangers of reckless tax-cutting or rampant monopoly power are obvious, so that these doctrines are to some extent self-correcting; but one ruling doctrine is so respectable and so apparently virtuous, that it is followed quite uncritically.

This is the doctrine that inflation is the central problem of our times, from which all other evils of low growth and unemployment spring. Until inflation is beaten, it is proclaimed, growth cannot be resumed; and when it is beaten, the unspoken logic goes on, growth will look after itself. Mrs Thatcher says so and so did Mr Callaghan; the Confederation of British Industry concurs and so does the Bank for International Settlements. Uncle Tom Cobley has not, so far as I know, been canvassed.

You might suppose that only the most powerful evidence would have produced such unanimity among Conservatives and Socialists, lenders and borrowers. The information is presented in table. Readers should at this point study it, or take my word for what it contains.

The first fact that is obvious is that there is no evidence at all that inflation inhibits growth. Indeed, if we look simply at levels of inflation, there is some rather weak statistical support for the opposite conclusion — that high growth tends to be associated with rapid inflation, of which Brazil, of course, is the extreme example. However, this correlation is not strong enough to be very convincing, and tends to fall to pieces toward the end of the 1970s.

A more sophisticated approach is to look not at simple inflation rates, but at changes in the rate of inflation, laying off, as it were, for ingrained social habits. Serious economists of the rational expectations school have long argued that it is unanticipated changes in the inflation rate which cause most of the drama.

Here, the evidence is rather more helpful to the ruling orthodoxy. In a number of countries it can be seen that peaks of inflation, notably in 1974 and 1980, are accompanied by sharp recessions. These are years of oil shock, which is not very helpful to the general argument, which is about domestic policy, but some other figures, such as those of Italy in 1977 or the UK in 1979 do suggest a more general case.

However, it is not scientific to search the evidence for figures which support one's prejudices, and there are some disturbing suggestions which point the other way. Brazil, which has often achieved peak growth with peak inflation, may be dismissed as an oddity, but Switzerland, which Mrs Thatcher likes to regard as a model, is more subversive. Here anti-inflation policies seem to have been highly effective in the mid-1970s; but they also led to a large fall in national output, which was still well below the 1973 level in 1978. Growth has been resumed only since Switzerland adopted a kind of exchange rate target, and rejoined the European inflation club.

At this point, it is important to remind oneself that we are discussing evidence, and not issues. The table presents facts, not arguments. It certainly does not argue that inflation is really a good rather than a bad thing —for it is not even clear that the growth of output is all benefit. For example, if we had looked at the growth of real incomes rather than output, then the performance of Switzerland and the UK, with their strong exchange rates, would look much more impressive, and export-led growth a good deal less attractive. Changes in the terms of trade which favour consumers tend to hurt output, and this is one reason why policies against inflation may hurt growth.

What the table does seem to suggest, however, is that growth and inflation are largely separate problems: and that where they are not separate, the trade-off between inflation and growth, which the orthodox now proclaim to be an illusion, does indeed exist. One example has just appeared in the rise of sterling and the Swiss franc, good for inflation-fighting but bad for growth. A more general possibility is that the whole reason why inflation peaks tend to coincide with recessions is not because inflation itself hurts growth, but because it provokes governments to policies which depress activity.

By now, it should be evident that the inflation-growth problem is quite complicated, and unlikely to yield its secrets to the simple-minded. Those to whom economics is a search for the philosopher's stone should in any case remember that that "solution" would have posed quite a few problems—rampant inflation among them—had it ever been discovered. There is no substitute for careful analysis, and such an analysis of the problem of inflation is a good deal more helpful than any generalisation.

The idea that inflation is a single phenomenon, yielding to a single cure is itself simply a fashionable over-simplification. It arises from the monetarist observation that inflation is a monetary phenomenon, which on its own is about as interesting as saying that fever is a thermodynamic phenomenon. We need causes.

Indeed, I have always found it helpful to remember that inflation is not in itself a malfunctioning, but an adjustment mechanism—not a problem, but the "solution" to some other difficulty. In Latin American countries, it solves a problem familiar to medieval kings—that of collecting taxes from rich and powerful subjects. Inflation, as Milton Friedman proclaims, is a substitute tax. In Japan, inflation redistributes the fruits of rapidly rising productivity in manufacturing; prices rise as less productive citizens, such as barbers and civil servants, strive to keep up with the growth of money wages in the factories. This "leading-sector inflation," as it is called, is actually a result of growth.

It is possible to live with these phenomena, but in other cases inflation can be the symptom of more malignant problems. In the British case, for example, the predominance of wage-push inflation—better defined as the result of bilateral market power, in which labour exploits producers and producers exploit consumers—poses real dilemmas. If it is not resisted, it will accelerate without limit. If it is resisted, the result is usually unacceptable to one party or both. Incomes policies cut real wages, monetary restraint protects them at the expense of profits and employment. Both experiments therefore tend to have a limited life, because the underlying problem remains unsolved.

The British can at least comfort themselves, however, that this underlying problem is pretty generally understood, even if it is so intractable that we prefer most of the time to think about something else. The most worrying kind of inflationary threat at the moment is that being generated on a world-wide scale by excessive reliance on monetary restraint, achieved through the long-term financing of official borrowing to cover current expenses.

This approach to treating the symptoms of inflation—in this case, simply its reflection in the monetary statistics—is building a tottering structure of paper debt which will one day collapse unless assets are created to back it. In this world of financial fiction, hyper-inflation and crash are names for the same thing.

The fiscally sound solution, adopted in this country in March, is now being criticised because it is not so good at suppressing the symptoms of inflation as the old imbalance was—though it may, paradoxically, help output. However, if you draw the same conclusions from the evidence as I do, you will not be surprised that no one policy solves all problems. Understanding at least helps us to avoid pseudo-cures that are more dangerous than the disease.

**Anthony Harris**

### THE EVIDENCE FROM NINE COUNTRIES

% change

| | | 1970 | 1971 | 1972 | 1973 | 1974 | 1975 | 1976 | 1977 | 1978 | 1979 | 1980 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| U.S. | GDP | −0.1 | 2.9 | 5.8 | 5.4 | −1.3 | −1.0 | 5.6 | 5.1 | 4.4 | 3.2 | −0.2 |
| | RPI | 5.9 | 4.3 | 3.3 | 6.2 | 11.0 | 9.1 | 5.8 | 6.5 | 7.7 | 11.3 | 13.5 |
| JAPAN | GDP | 11.7 | 5.1 | 9.3 | 10.0 | −0.3 | 1.4 | 6.5 | 5.4 | 5.9 | 5.6 | 4.2 |
| | RPI | 7.7 | 6.1 | 4.5 | 11.7 | 24.5 | 11.8 | 9.3 | 8.1 | 3.8 | 3.6 | 7.7 |
| GERMANY | GDP | 6.0 | 3.2 | 3.7 | 4.9 | 0.5 | −1.8 | 5.2 | 3.0 | 3.3 | 4.5 | 1.8 |
| | RPI | 3.4 | 5.3 | 5.5 | 6.9 | 7.0 | 6.0 | 4.5 | 3.7 | 2.7 | 4.1 | 5.5 |
| FRANCE | GDP | 5.7 | 5.4 | 5.9 | 5.4 | 3.2 | 0.2 | 5.2 | 2.8 | 3.6 | 3.2 | 1.8 |
| | RPI | 5.2 | 5.5 | 6.2 | 7.3 | 13.7 | 11.8 | 9.6 | 9.4 | 9.1 | 10.8 | 13.6 |
| UK | GDP | 2.2 | 2.7 | 2.2 | 7.5 | −1.2 | −0.8 | 4.2 | 1.0 | 3.6 | 0.8 | −1.6 |
| | RPI | 6.4 | 9.4 | 7.1 | 9.2 | 16.0 | 24.2 | 16.5 | 15.8 | 8.3 | 13.4 | 18.4 |
| ITALY | GDP | 5.3 | 1.6 | 3.2 | 7.0 | 4.1 | −3.6 | 5.9 | 1.9 | 2.6 | 4.9 | 4.0 |
| | RPI | 5.0 | 4.8 | 5.7 | 10.8 | 19.1 | 17.0 | 16.8 | 18.4 | 12.1 | 14.8 | 21.2 |
| SWITZERLAND | GDP | 6.4 | 4.1 | 3.2 | 3.0 | 1.5 | −7.3 | −1.4 | 2.4 | 0.3 | 2.2 | 4.1 |
| | RPI | 3.6 | 6.6 | 6.7 | 8.7 | 9.8 | 6.7 | 1.7 | 1.3 | 1.1 | 3.6 | 4.0 |
| AUSTRALIA | GDP | 6.2 | 5.4 | 3.0 | 5.3 | 2.6 | 2.4 | 3.6 | 0.9 | 1.7 | 3.0 | 2.7 |
| | RPI | 3.9 | 6.1 | 5.8 | 9.5 | 15.1 | 15.1 | 13.5 | 12.3 | 7.9 | 9.1 | 10.2 |
| BRAZIL | GDP | 8.8 | 13.3 | 11.7 | 13.9 | 9.8 | 5.7 | 9.0 | 4.7 | 6.0 | 6.4 | 7.8 |
| | RPI | 22.3 | 20.2 | 16.5 | 12.7 | 27.6 | 28.9 | 42.0 | 43.7 | 38.7 | 52.7 | 82.8 |

Source: OECD

# Letters to the Editor

## Opportunity in Cyprus

*From Mr Chris Economides*

Sir,—Although I appreciate your leading article of June 22 "An Opportunity in Cyprus," I am very much afraid that the experience of the past seven years does not provide much hope that the problem of Cyprus will be settled through the intercommunal talks. For, although they are called "intercommunal," they are in fact negotiations between the Governments of Turkey and Cyprus, which have the last say on all important questions. And considering that Turkey has invaded Cyprus and is still occupying 36 per cent of its territory, these negotiations should realistically be considered to be negotiations for a peace treaty between Turkey and Cyprus and for the withdrawal of the Turkish occupation forces. In this context, the negotiations are obviously taking place from a position of military strength on the Turkish side, and from a position of right—supported by the UN resolutions—on the side of the Cyprus Government.

In these circumstances, both sides are naturally, for political and prestige reasons, reluctant to make at the table of negotiations the substantial concessions needed to bridge the yawning gap between might and right. Nevertheless, there is a consensus both among the people of the two communities in Cyprus and in the United Nations circles that the Cyprus problem could be settled only by a mutual compromise.

Since, however, such compromise cannot be reached directly by the negotiating parties, I would suggest that the British Government as a guarantor of the independence and territorial integrity of the Republic of Cyprus, together with other governments interested in an early settlement of both the Cyprus problem and the differences between Greece and Turkey, should play a more active role, by exercising directly and indirectly the necessary persuasion on both parties to follow a new procedure, such as the following, which has a better chance to lead to a fair compromise settlement.

In order to avoid an ominous collapse of the intercommunal talks, should they fail in the next few months to bridge the differences between the two sides, a way out would be for both sides to make a joint application to the security council, in accordance with article 38 of the UN Charter and on the precedents of the appointment in August 1947 of the "UN Good Offices Committee for Indonesia" and in January 1948 of the "UN Commission for India and Pakistan," requesting the council to appoint a commission for Cyprus made up of three members of which the first will be nominated by the Greek Cypriot side, the second by the Turkish Cypriot side and the third to be elected by the first two, with the following terms of reference: to study in depth the problem of Cyprus and make unanimous recommendations for a package deal fair compromise settlement, which will be submitted directly to separate referendums in the two comunities in Cyprus under the supervision of the United Nations, and if they are accepted by separate majorities, to be implemented also under the supervision of the United Nations.

As a non-partisan Cypriot who has been studying the problem of Cyprus closely since its inception, I earnestly believe that this procedure has a good chance to lead to a fair and viable settlement of the long-drawn-out problem of Cyprus, before it is too late.

Chris Economides.
*Nicosia, Cyprus.*

## America's priorities

*From Mr Julian Amery, MP.*

Sir,—Your leading article "Reagan's lack of leadership" (June 22) seems undecided as to whether the American Administration has a Foreign Policy at all or whether it is the right one.

Apart from the obvious inconsistency of renewing grain supplies to the Soviet Union unconditionally, President Reagan and his advisers seem to have worked out a set of fairly definite and consistent priorities. They clearly do not attach as much importance to strategic arms limitation talks, nuclear non-proliferation or the North-South dialogue as you do. Their main aim would seem to be the containment of Soviet imperialism and the restoration of a balance of power favourable to the West. As a result they tend to judge the different problems that arise not solely on their merits but in relation to what they see as the overriding threat.

Thus a Namibian settlement which brought SWAPO to power would be seen as a net gain to the Soviets. The decision to deploy substantial forces in the Indian Ocean calls for a better understanding with South Africa. To involve the PLO in the peace making process would be to bring in Moscow by the back door. To restrain Vietnamese ambitions in South East Asia calls for a closer relationship with China. Overall, not much urgency is attached to arms control negotiations until something like parity has been restored between East and West.

Surely this does add up to a policy and if leadership requires clarity of purpose then that has not been lacking either. No doubt aspects of this policy are unpalatable to much of European opinion because it goes against the grain of the habits of retreat and appeasement which have been the dominant trend for many years and which have now gained added strength with the growth in Soviet power.

Many European leaders are no doubt concerned at the increase in defence expenditure and the consequent unpopularity which supporting American policy may involve. But few of them would seriously dispute President Reagan's basic order of priority. Is there indeed any alternative? Angola, Ethiopia, Aden, Cambodia, Afghanistan and Poland would seem to point the answer.

Julian Amery.
*112, Eaton Square, SW1.*

## Reality at Lloyd's

*From Mr Richard Edmunds*

Sir,—It is with the most profound gloom that one must view the current state of the Lloyd's Bill. Lloyd's of London is a priceless national asset and, it could have been hoped that the legislators and all others involved in looking to the future might have made strenuous efforts to protect and enhance the institution.

In simple terms, the chain of ownership in Lloyd's from broker through to underwriting name has been forged in the practical world of commercial reality over many years. This unity of common purpose and financial interest provides enormous strength much undervalued in the modern age and unique in the world.

The Committee of Lloyd's, after seeking advice from outside, sought to strengthen its powers of self regulation so that recent events such as the collapse of the Sasse syndicate might have a better chance of being avoided in the future. This was a reaction to a demand for more protection for largely non-professional names in a more sophisticated industry.

The Committee has clearly become unnerved by the scale of political criticism and self-interest which has recently been displayed. A different objective is now recommended namely the destruction of the chain and the unity of Lloyd's. These same political voices, as the Chairman of the Stock Exchange has already pointed out, are recommending one course of action for Lloyd's and the reverse for the Stock Exchange. This is utter nonsense and should be resisted while time is taken to rethink the fundamental issues at stake in the longer term context. Unity is a quality to be lovingly cherished especially in a nation becoming enfeebled by division. Perhaps it would be helpful to the names who are about to vote to look back over the progress since Sir Stafford Cripps' contribution to Lloyd's in order to determine the effect of the current recommendations for the divestment of managing agents by brokers.

The price of compromise that the Committee is prepared to concede to achieve effective control over the market, is too high. Names should vote against the proposals.

Richard Edmunds.
*21, Highbury Terrace, N5.*

## Israel's intentions

*From Mr J. P. Spencer*

Sir,—Mr D. Garbutt (Dundee) has doubts about Israel's actions —and so have I.

But what is one to make of Iraq which has refused a cease-fire, an offer of armistice, offers to make peace—and which is in fact at war with Israel for over a generation now. Nor do threats to "blow up" Tel-Aviv help!

J. P. Spencer.
*20a, The Park, London, NW11.*

## Toad in the hole

*From Mr Desmond Goch*

Sir,—I read the Warden of Glasgow University's letter (June 19) suggesting that those company chairmen who in the past have had the temerity to complain about the economic environment should now be loud in their praise for the fall in MLR, the rate of inflation and the exchange rate, and for the other benefits they are now enjoying.

The good Warden, who, no doubt, knows all about current business conditions, turns to the call of the cuckoo for his literary inspiration. In keeping with this concern for the creatures of this earth, I urge him to turn his gaze downwards, while calling to mind the following lines of Kipling:

"The toad beneath the harrow knows
Exactly where each tooth-point goes;
The butterfly upon the road
Preaches contentment to that toad."

Desmond Goch.
*4, Paddock Wood, Harpenden, Herts.*

## Cheaper by giro

*From Mr A. E. Reynolds*

Sir,—The mail order companies do have an alternative (June 22) to the use of bank giro, cheques and postal orders by their customers; they could invite them to pay by transfer from their Post Office National Giro accounts.

All the firms have National Giro accounts, as do approaching 1m individuals in this country. They do not have the chore of visiting a post office in order to put money into these firms' Giro accounts; they do it by post from the nearest pillar box. National Giro pays the postage and makes no charge for transferring the money from the customer's account to the firm's account.

It is a simple, efficient service and several of our members who are agents with Littlewoods wonder why the firm does not ask them to use this facility.

A. E. Reynolds.
Hon Secretary,
*Croydon Giro Users Group,*
*40, Leyburn Gardens,*
*Croydon.*

## Increasing employment

*From Mr. Edwin Whiting.*

Sir,—Your columns lately have not been short of suggestions for dealing with unemployment. Ian Josephs in a letter (June 12) and Samuel Brittan in the Lombard column (June 15) referring to two proposals by Professor Layard. All three are in the nature of employment subsidies.

These are basically two kinds: "targeted" and "general."

Targeted subsidies are aimed at particular groups where, it is judged, the money spent will be most effective in increasing employment. The three new suggestions are all "targeted."

Since 1975 there have been at least 12 different targeted schemes. The Manpower Services Commission, which has produced all these schemes, recognises that they may have disadvantages. The main ones are: (1) subsidies are given to those who would be employed anyway (known as "dead weight") and (2) the employment of a person in a subsidised job might ultimately put out of work a person employed in an unsubsidised job somewhere else ("displacement"). I would add also that the schemes involve a heavy cost in advertising and administration. And most important of all, there are no solid criteria on which to appraise the various schemes. The net effect on the public sector borrowing requirement, i.e. the net cost of schemes in the short-term, cannot be the only criterion; account must also be taken, in the long-term, of the improvement in the quality of the labour force through training and experience and the ultimate expected rise in the gross national product through the output of the people employed.

All three of the recent suggestions, while attractive at first sight, suffer from all the disadvantages of deadweight and displacement. In particular, Mr. Joseph's proposal to pay "half" the savings in benefits to employers after one year of employment and Professor Layard's proposal (much more generous) to pay the average total saving in benefits and loss of tax on a weekly basis are rather like the Small Firms Employment Subsidy and the Youth Employment Subsidy (£10 a week for 6 months). These were both abandoned because of the low level of take-up and the fact (according to the MSC) that a high proportion of employers would have taken the people on anyway without the subsidy.

Although some targeted schemes are clearly essential to cope with regional, educational and physical differences, general employment subsidies should always be preferred. They have only one short-term disadvantage; the employers who would employ the same number of people without the subsidy will receive a "windfall" profit. In the long-term such profits will be taxed or used to finance further investment and employment.

The simplest form of general employment subsidy is, of course, reduction or abolition of employer's national insurance contributions. Abolition (except for pensions contributions) and their replacement by other taxes could serve only to increase employment across the board, which would lead slowly and surely to reductions in those other taxes. And there would be some savings, rather than large increases, in administrative costs.

Samuel Brittan affirms that "they (the targeted subsidies) are worth contemplating only if they are presented as a transfer from the rest of us to the employed." But we have a system which can readily be used for transfers of this kind —it is known as the taxation system.

A switch from employment taxes to other taxes, as I have suggested, would reduce labour costs overall by about 8½ per cent—a nice bit of "pricing ourselves into the market" (in Samuel Brittan's phrase). Mr. Josephs is right: the present situation is crazy and indefensible. Indeed, it is worse than he says: 3 million unemployed would cost us not £7bn a year in benefit payments and loss of tax, but more like £12bn at least.

Edwin Whiting.
Lecturer in Management Control,
Manchester Business School,
*Booth Street West,*
*Manchester.*

**GENERAL**

UK: Mr George Bush, U.S. Vice President, meets Mrs Margaret Thatcher, London.

Prince Charles visits Central Middlesex Hospital and Brent Cross shopping centre.

Mr Ron Hayward, Labour Party general secretary, speaks at Confederation of Health Service Employees conference, Bridlington.

M Emmanuel de Margerie, French Ambassador, opens London Chamber of Commerce conference on France.

Queen Mother opens new Commonwealth headquarters of Royal Life Saving Society, Studley, Warwickshire.

## Today's Events

London Chamber of Commerce conference on the commercial situation in Iraq and the problems of getting into the market.

Overseas: Mr Pierre Trudeau, Canadian Prime Minister, meets President Francois Mitterrand in Paris to discuss industrial nations meeting in Ottawa next month.

**PARLIAMENTARY BUSINESS**

House of Commons: Fisheries Bill, Lords amendments. Representation of the People Bill, remaining stages.

House of Lords: British Telecommunications Bill, third reading. Education (Scotland) Bill, second reading. Countryside (Scotland) Bill, report. Short debate on completion of Edinburgh Outer City By-pass.

Select Committee: Treasury, on efficiency and effectiveness of the Civil Service. Witness: Mr Kenneth Sharp, Head of Government Accountancy Service. Room 15, 4.15 pm.

**OFFICIAL STATISTICS**

First quarter revised figures for capital expenditure by the manufacturing, distributive and service industries; and for manufacturers' and distributors' stocks. Energy trends.

**COMPANY MEETINGS**

See Company News on page 28

# Ferranti jumps by 62% to top £18m

TAXABLE PROFITS of Ferranti, the electrical and electronic engineering group, climbed by 62 per cent from £11.2m to £18.1m for the year to March 31 1981, after showing a £2.9m rise to £6.4m at mid-term. Turnover over the full period increased to £271.5m, compared with £214.6m.

The net final dividend is 4p (same) on capital increased by last June's one-for-one rights issue, making a total for the year of 6.5p per share, against 6.9p on the old capital. At the time of the rights, a total of not less than 6p was forecast.

Costs of £0.8m have been written off against profits, arising from the development by the engineering division in the year of a new double portal arch van carrier and a wide span gantry crane.

The high value of sterling and the lower level of world trade reduced significantly the company's export margins and the overseas markets for non-military products, particularly Germany, have been affected.

Despite these difficulties, order input increased by 30 per cent over the period and the company has again entered a new year with a record level of orders.

Trading profits advanced from £15m to £20.2m, before charging interest of £2.1m (£3.8m). After tax of £1.8m (£1.1m) earnings per 50p share are shown ahead from 27.51p to 40.04p.

On a current cost basis, pretax profits jumped from £4.3m to £10.4m.

Lex, Back Page

# Racal rises £9m to £73m

TAXABLE PROFITS of Racal Electronics advanced from £63.62m to £73.21m in the 12 months to end-March 1981 after taking in this time pre-tax losses of its wholly-owned subsidiary Decca, which totalled £2.45m, against £12.17m in the comparable period before the acquisition.

The surplus was also after net interest charges of £14.84m (£2.05m).

Turnover of the group, which manufactures electronic products, rose over the year from £263.74m to £536.43m. The latest figure includes £182.43m from Decca, roughly in line with the previous 12 months.

The net total dividend is being stepped up from 4.125p to 4.55p per share by an increased final of 3.4p, against 3.075p.

Tax for the year took £23.26m and after extraordinary debits of £8.07m and minorities of £249,000, profit at the attributable level emerged at £41.63m, compared with a figure reported last year of £41.57m.

Stated earnings per 25p share increased from 18.06p to 18.67p.

Current cost accounting reduces the pre-tax surplus to £57.24m and on the same basis earnings are given as 12.72p.

The results of Decca for the year to March 31 1980 included sales of £19.38m and pre-finance losses of £2.1m of the Records and Music Publishing businesses which were sold prior to April 1 1980.

The extraordinary debits were split as to £2.08m for Racal and £5.99m for Decca, which included £4.18m for redundancy, severance pay, closure and post-disposal costs.

A breakdown of Decca's taxable deficit shows that on the capital goods side, marine radar made a loss of £6.64m but other capital goods made a profit of £9.78m. In the consumer goods division, radio and TV made a loss of £4.61m and there was a deficit of £980,000 from other consumer goods.

Lex, Back Page

# Chloride drops £13.5m into the red

WITH losses in the second half amounting to £8.4m, against a previous £7.1m surplus Chloride Group, battery manufacturer, ended the March 31, 1981, year in the red by £13.5m at the pre-tax level, compared with £18.7m profits, a turnround of £32.2m.

The directors also announce a rights issue to raise £17.3m, net of expenses, of cumulative convertible preference shares, on the basis of one of £1 each for every seven ordinary shares.

Turnover fell from £386.1m to £352.3m for the year, and with the omission of a final dividend there is no distribution for the year—last year's total payment was 4p net per 25p share.

Sir Alastair Pilkington, chairman, tells shareholders in his annual statement that prospects for the short term are overshadowed by the uncertainties of the timing of recovery from recession, and that 1981/82 is likely to be another difficult year. He says there is as yet no sign of any recovery in trade and that further actions will be necessary to reduce the cost base.

Although there will "inevitably be a resurgence in demand for automotive and industrial batteries," when the world moves out of recession, the markets in Europe and North America, particularly relating to automotive batteries, are fiercely competitive and the group "will have to work hard to achieve profitable improvements in its market shares."

## HIGHLIGHTS

Lex looks at the £17.3m convertible preference rights issue from the heavily loss-making battery group, **Chloride**, before going on to examine the sharp growth demonstrated by two defence and electronics groups, **Racal** and **Ferranti**. Elsewhere, **William Collins** has forecast a smart uplift in profits as the basis for its defence against the bid from News International and **Steetley** has published its formal bid documents topping the terms offered by Hanson Trust. in purusit of G. H. Downing. **Mount Charlotte**, the hotels group, has also asked shareholders to subscribe more capital in the form of 9½ per cent convertible unsecured loan stock to raise £2.96m.

On the year's figures the chairman says the substantial loss was a result of the strong pound, high interet rates, rising costs and falling demand in many areas of the business, because of the recession, together with the significant slide in the price of lead.

The fall in the lead price from £487 per tonne in April 1980 to a low of £274 per tonne in January 1981, produced stock losses of £2.6m, a swing of £4m compared with last year.

During 1980 the UK was the worst affected area, where the decline in demand for automotive batteries continues, the total market falling by a further 12 per cent. The deepening recession resulted in lower sales of industrial products, particularly motive power batteries, where the market dropped by 25 per cent.

Sir Alastair says the restructuring now taking place provides a sound basis for significant improvements in productivity in the year ahead.

Redundancy and reorganisation costs charged in the year were £6.9m, of which £4.7m were shown as an exceptional item. The remainder is shown as an extraordinary item.

The pre-tax loss included the exceptional debit—last year's comparative figure was £2.7m—the share of associates profits of £1.3m (£1.8m), and was after interest charges, up from £12.3m to £14.6m.

After tax of £5m (£9.7m), minorities, £2m (£1.7m), and an extraordinary debit of £2m (nil), the attributable loss came through at £22.5m, compared with £7.3m profits.

Auditors, Coopers and Lybrand state that the Board regards the enlargement of the company's capital base through the proposed rights issue, as essential to ensure continuity of adequate banking facilities. This enlargement is dependent upon shareholders' approval of an increase in the authorised share capital.

The auditors say that the accounts have been drawn up on the basis that these arrangements will be satisfactorily concluded.

The accounts show that total borrowings of £102.2m comprise bank borrowings of £96.8m.

The directors say that capital expenditure during the year was restricted, and at £13.7m, it was £4.8m below 1979-80.

After-tax loss per share is shown as 16.2p (5.8p earnings) and on a CCA basis pre-tax loss is given as £12.4m.

In the notes to the accounts there is a £75,000 superannuation gratuity paid to Sir Michael Edwardes in respect of services as a director of overseas companies. Mr John Ray resigned as a director on June 15, and although his termination settlement is under negotiation, it is over £55,000.

Chloride Holdings, the 70 per cent owned South African subsidiary has turned in lower pre-tax profits of R3.34m against R4.6m on turnover up from R39.1m to R42.2m. The directors, however, are optimistic on current year's prospects. Early indications are that margins have improved.

Lex, Back Page

# Chubb finishes lower at £6.84m

AN INCREASE in second half pre-tax profits from £2.21m to £3.42m at Chubb and Son failed to offset the slide in the first six months and the company finished the year ended March 31, 1981, £376,000 behind at £6.84m. Sales for the year rose to £244.66m compared with £230.02m.

The directors of this security systems manufacturer point out that the previous year's figures include sales of £8.8m and an operating loss of £4.7m relating to the cash register division which was closed during 1980/81. The cash register results are excluded from the 1981 figures.

Mr W. E. Randall, the new chairman, says operating profit improved 23 per cent to £12.93m largely due to the elimination of the trading losses in cash registers.

Interest charges jumped from £3.46m to £6.12m because of higher borrowing requirements particularly in the UK, and higher rates prevailing around the world.

The total number of redundancies in the UK, including those in Chubb Cash, was 1,160 and these and other reorganisation costs in cash terms amounted to £2.4m.

The brunt of the depression was experienced in the Midlands-based mechanical engineering activities of Chubb and Son's Lock and Safe Company, Josiah Parkes and Sons, C. E. Marshall (Wolverhampton) and L. and F. Willenhall, and as a result the operating profit of these companies fell by over 50 per cent.

The dividend for the year is being maintained at 5.425p net per 20p share with an unchanged final of 3.4784p. The earnings per share are stated at 4.17p (4.94p) and the assets at 136.6p (120.1p).

After dividends of £3.29m (same) there are extraordinary debits of £302,000 (£7.66m)—for the cost of discontinued activities net of £2.5m tax relief—and of £2.5m—for previous year's tax relief written back. There was a surplus on revaluation of properties of £15.09m.

## ● comment

Based on yesterday's figures and the short-term outlook, shares in Chubb still look somewhat overvalued at 90p (down 5p). Last year was a difficult period for the group, which has been going through the costly process of disengaging from manufacturing at Chubb Cash. These costs have been borne partly by a £14m increase in borrowings, bringing net borrowings to £49.1m, a capital gearing level of 58.5 per cent. A side effect of this was the 77 per cent leap in interest charges, meaning that last year the cost of borrowed money absorbed 47.3 per cent of group operating profits. Chubb suffered a £4m profit fall to £8m in its physical security business, due mainly to sharp declines in its Midlands mechanical engineering profits. Electronic security made a loss of around £2m, largely attributable to the cash dispenser division. Fire security was the bright spot, rising £3m to £6.1m at the trading level. The group is benefiting from loss elimination and is trying to compensate for its UK problems with the more buoyant Far East. South African and Australian operations on the overseas side. But it could be quite some time before Chubb returns to its halcyon profit levels of the late 1970s. The shares yield just below 9 per cent on an uncovered dividend.

# Mount Charlotte's £3m rights to aid expansion plans

MOUNT Charlotte Investments, the hotel group that operates the Grand in Bristol, the Park in Cardiff and 25 others, is raising £2.9m by way of a rights issue of 9½ per cent convertible loan stock 2000 to pursue its acquisition and renovation programme.

The company suffered a 37 per cent decline in pre-tax profits to £660,000 in 1980, but the directors report an improvement in trading so far this year and expect it to continue for the remainder of the year.

However, no profit forecast is offered nor any undertaking on dividends in respect of the current year.

Mount Charlotte has carried out a £5.4m capital spending programme in the past four and a half years to improve the quality of its hotels. Further spending is planned. Another £1.6m has been spent on acquiring hotels and related land in locations that have increased the company's geographic spread.

In 1976, the company operated 21 hotels with a total of 1,348 bedrooms, of which 637 had private bathrooms. Now it has 27 hotels with 1,779 bedrooms, of which 1,167 have private bathrooms.

The investment programme has been financed from asset disposals, retained profits and bank borrowings. The board believes the capital base should be broadened to enable the company to pursue its programme.

In allocating the £2.83m net proceeds, particular emphasis will be placed on acquiring and upgrading prime city centre hotels to be operated under the name "Hospitality Inns" to attract the business customer.

The loan stock issue is on the basis of £1 nominal of stock for every 11 shares held on June 19. The stock is convertible from May 1982 to 1995 at the rate of 25p nominal per share.

Dealings in the stock are expected to begin in nil paid form on June 29 and the final date for acceptances is July 17. The issue has been underwritten by Robert Fleming and the brokers to the issue are Fielding, Newson-Smith.

## ● comment

After the flop of the BOC convertible loan stock rights issue earlier this week, Mount Charlotte is offering its shareholders significantly more generous terms, a 9½ per cent coupon and, most interesting, only a one-year "holiday" before conversion can take place. The conversion premium is on the high side at 11 per cent but Mount Charlotte shares have been dull while profits have been held back by the cost of financing the ambitious renovation programme. The company is beginning to see the fruits of that programme, in terms of higher occupancy rates and higher tariffs and, with sterling at a more accommodating level for foreign tourists, both the results and the shares should soon look brighter. At 22½p unchanged, the historic yield on the ordinary is 4.4 per cent, which helps make the convertible coupon look attractive.

# Cocksedge reduces deficit

ON REDUCED turnover of £2.84m against £3.28m Cocksedge (Holdings), structural and mechanical engineer and steel stockholder, reports a reduced pre-tax loss of £597,569 for the year to March 31 1981. This compares with a £748,485 deficit for the previous 12 months.

At halfway, when announcing a loss of £199,505 (£259,048), the directors forecast that recovery would probably be slow.

There was a tax credit of £290,215 (£421,608), and there was a stated loss per 25p share of 22.5p (23.9p). There were extraordinary credits this time of £41,600 (nil).



# Anglia TV Group slips to £2.41m midway

Pre-tax profits of the **Anglia Television Group** for the six months to the end of April 1981 were £2.41m, compared with £2.97m for the same period last year. The group's subsidiary Anglia Television Limited is the independent television programme contractor for the East of England.

Turnover was slightly higher, at £16.91m against £16.59m.

On stated earnings per 25p of 14.84p (18.11p) the net interim dividend is lifted from 2p to 2.2p. Last year's total payment was 5p from pre-tax profits of £4.66m.

Exchequer levy for the six months took £1.35m (£3.14m). Profits from associated companies totalled £217,000 (£149,000) and tax absorbed £476,000 (£598,000), leaving attributable profits of £1.97m (£2.39m), after minority profits of £34,000 (£22,000).

The directors say that despite the continuing recession, advertising revenue more than matched last year's levels, even though these were inflated following the settlement of the ITV strike in October 1979.

The second half of the year should afford a truer comparison. Advertising revenue is currently holding up reasonably well and revenue from overseas programme sales is encouraging, they state.

## ● comment

The comparison between these interim results from Anglia TV and last year's is overwhelmingly distorted by the rush of advertising revenue which was then released by the end of the 1979 ITV strike, adding up to consolidated profits of £6m. In the second half, Anglia went on the make scarcely more than £1.6m. The pre-tax profit of £2.4m at the halfway stage this time is thus no real disappointment; any worries will relate rather to the outlook for the rest of the year. That depends largely on the interplay between advertising revenue, receipts from overseas programme sales and cost increases, with the probability being for a similar outturn to 1980 in the second half and a pre-tax total near to £4m. The interim dividend has been increased by 10 per cent and a pro-rata increase in the final would make for a yield of 9.3 per cent. At 87p, the shares trade on a multiple of 5¼ times fully-taxed earnings.

**SPAIN**

| June 24 | Price % | +or− |
|---|---|---|
| Banco Bilbao | 323 | |
| Banco Central | 402 | |
| Banco Exterior | 324 | |
| Banco Hispano | 308 | |
| Banco Ind. Cat. | 124 | −1 |
| Banco Santander | 381 | |
| Banco Urquijo | 227 | +3 |
| Banco Vizcaya | 354 | |
| Banco Zaragoza | 255 | −4 |
| Dragados | 228 | −12 |
| Espanola Zinc | 91 | −2 |
| Fecsa | 75.7 | +1.3 |
| Gal. Preciados | 58.5 | |
| Hidrola | 81.5 | +0.5 |
| Iberduero | 66.7 | +0.2 |
| Petroleos | 139 | +2 |
| Petroliber | 102 | |
| Sogefisa | 59 | −3 |
| Telefonica | 87 | |
| Union Elect. | 74.5 | +2.5 |



## DIVIDENDS ANNOUNCED

| | | Current payment | Date of payment | Corresponding div. | Total for year | Total last year |
|---|---|---|---|---|---|---|
| Anglia TV | int. | 2.2 | July 9 | 2 | — | 5 |
| Ashdown Inv. Trust | int. | 1.8 | Aug 14 | 1.8 | — | 6.2 |
| BPB Inds. | | 5 | Aug 14 | 5 | 9 | 9 |
| Brickhouse Dudley | | 2.25 | — | 2.25 | 3.2 | 3.2 |
| Castlefield (Klang) | int. | 2 | Aug 4 | 1.7 | — | 6 |
| Chloride | | Nil | — | 2.3 | Nil | 4 |
| Chubb and Sons | | 3.48 | Aug 28 | 3.48 | 5.43 | 5.43 |
| Ferranti† | | 4 | — | 4 | 6.5 | 6.9 |
| Hicking Pentecost | | 4 | Oct 1 | 5.8 | 6 | 9 |
| Irish Distillers | int. | 0.88‡ | Aug 18 | 0.88 | — | 3.06 |
| Irish Oil and Cake Mills | | 2 | Aug 4 | 1 | 3 | 2 |
| Killinghall (Rubber) | int. | 4 | Aug 4 | 4 | — | 14 |
| Powell Duffryn | | 9.55 | Aug 24 | 9 | 14.25 | 13.25 |
| Racal | | 3.4 | Aug 19 | 3.08 | 4.55 | 4.13 |
| Scottish Amer. Inv. | int. | 1.25 | July 31 | 1.25 | — | 4 |
| Throgmorton Trust | int. | 2.25 | Aug 11 | 2.25 | — | 6 |

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Irish pence throughout.

**THE TRING HALL U.S.M. INDEX**
126.1 (+1.8)
at close of business 24/6/81
BASE DATE 10/11/80 100



**CORAL INDEX**
Close: 546-551 (+3)

**OIL INDEX**
October Refined $41.00
January Refined $44.10

# BPB Inds. profits fall £5m but dividend maintained

DESPITE a sales upsurge from £234.5m to £361.4m, BPB Industries, gypsum, plaster, plasterboard manufacturer, turned in lower profits for the year ended March 31, 1981, as forewarned last November. At the pre-tax level these were £42.1m against a record £47.09m.

The dividend, however, is maintained at 9p net per 50p share, with a same-again final of 5p.

At the interim stage the surplus was just behind at £20.8m (£21.23m). The directors said that in most areas there was no indication of any short-term improvement in demand for products, and it was unlikely that full-year profits would reach those of 1979/80.

The directors now say that during 1980-81 the UK paper and packaging company suffered from poor demand and lower selling prices at a time when costs, particularly for energy, continued to rise—profits of this division dropped from £9.93m to £3.81m.

They add that lack of demand and price instability were the main reasons for the £0.52m losses (£3.05m profit) in the Canadian gypsum business.

Capital expenditure during the year amounted to £34m and commitments, at the year end, were £45m, of which the major part relates to the five-year programme for the modernisation of British Gypsum's plasterboard manufacturing capacity.

Earnings per share are down from 37.6p to 32.4p.

Associates share of profits was up slightly at £3.71m, compared with £2.93m, and interest charged rose from £2.59m to £3.88m.

Tax took £11.83m (£12.76m) and the attributable balance came through at £30.18m against £34.28m.

A CCA adjusted pre-tax figure is given of £24m (£29m).

### ● comment

BPB's interim profits decline was a harbinger of things to come, so the end-of-year 10.6 per cent drop at the pre-tax level was not wholly unexpected. In the important UK building materials business, plasterboard volume fell by 9 per cent. but the division still managed a small improvement. UK paper and packaging was another story; trading profits here fell 62 per cent as a result of poor demand, lower prices and higher costs. In Canada, low construction levels hurt building materials and this operation suffered a £3.6m downturn into the red. Canada is now said to be back in profit and on its way to better health. In France, demand fell towards the end of 1980, but is now picking up again. The election of M Mitterrand could help BPB eventually if it leads to more public housing construction. BPB's balance sheet is robust; capital gearing is less than 20 per cent. At yesterday's 243p, unchanged, BPB shares trade on an historic fully taxed multiple of just above 10 while the yield on a maintained dividend is 5.4 per cent.

# Irish Distillers suffers 48% drop in first half

A FALL of 48 per cent from IR£4.97m to IR£2.6m in pre-tax profits is reported by Irish Distillers Group for the six months to March 31, 1981. The figures have borne out the predictions made at the time of the annual meeting.

Mr F. J. O'Reilly, the chairman, says: "This fall was expected by the board and was caused primarily by the decline in sales in the Republic of Ireland which was mainly due to the steep increases in excise duty, together with the continuing high rates of interest, and the worldwide recession."

The spirits markets in Northern Ireland and Great Britain were very depressed and sales in those areas were substantially reduced. Elsewhere, however, export trading showed a healthy increase during the first half and this trend continues, he adds.

Turnover in the first half rose from £54.14m to £61.95m. Interest charges increased from £1.64m to £2.24m, and depreciation was higher at £910,000 (£623,000). The pre-tax figure includes associates' share of £2.6m (£4.97m).

After tax down from £257,000 to £32,000, attributable profits emerged at £2.55m against £4.68m. Stated earnings per 25p share were down from 10.19p to 5.55p. The interim dividend is unchanged at 0.88p—last year's total was 3.06p from pre-tax profits of £6.3m (£8.83m).

## LONDON TRADED OPTIONS

June 24 Total Contracts 961 Calls 779 Puts 182

| Option | Ex'rcise price | July Closing offer | July Vol. | Oct. Closing offer | Oct. Vol. | Jan. Closing offer | Jan. Vol. | Equity close |
|---|---|---|---|---|---|---|---|---|
| BP (c) | 320 | 8 | — | 20 | 1 | 30 | 5 | 312p |
| BP (c) | 350 | 3 | — | 9 | — | 18 | 11 | " |
| BP (c) | 388 | ½ | — | 5 | 1 | 10 | 3 | " |
| BP (p) | 320 | 13 | — | 17 | 10 | 24 | 13 | " |
| BP (p) | 350 | 40 | 10 | 42 | — | 44 | — | " |
| CU (c) | 160 | 10 | — | 17 | 4 | 23 | — | 163p |
| CU (c) | 180 | 3 | — | 9 | 14 | 14 | 4 | " |
| Cons. Gld (c) | 550 | 2 | — | 9 | 1 | 19 | 13 | 453p |
| Court'lds (c) | 60 | 11 | 60 | 16 | — | 19 | — | 69p |
| Court'lds (c) | 70 | 3½ | — | 9 | 3 | 12 | 3 | " |
| Court'lds (c) | 80 | 1 | — | 3 | 3 | 6 | 30 | " |
| GEC (c) | 650 | 62 | — | 87 | 11 | 115 | — | 703p |
| GEC (c) | 700 | 20 | 38 | 48 | — | 83 | — | " |
| GEC (c) | 750 | 5 | 5 | 22 | 15 | 43 | — | " |
| Gr'd Met. (c) | 160 | 60 | 6 | 64 | 1 | — | — | 216p |
| Gr'd Met. (c) | 200 | 20 | 9 | 31 | 61 | 38 | — | " |
| Gr'd Met. (c) | 220 | 6½ | 41 | 18½ | 8 | 26 | 53 | " |
| ICI (c) | 300 | 7 | 5 | 20 | 35 | 35 | 1 | 290p |
| ICI (c) | 330 | 1½ | — | 9 | 2 | 19 | — | " |
| Land Sec. (c) | 420 | 3 | 20 | 17 | 6 | 27 | — | 395p |
| Mks & Sp (c) | 110 | 20 | — | 27 | 4 | — | — | 128p |
| Mks & Sp (c) | 120 | 11 | 32 | 19 | — | 26 | 4 | " |
| Mks & Sp (c) | 130 | 4 | — | 12 | 1 | 18 | — | " |
| Shell (c) | 330 | 26 | — | 32 | 2 | 46 | — | 348p |
| Shell (c) | 360 | 7 | — | 19 | — | 28 | 1 | " |
| Shell (c) | 390 | 2 | 4 | 8 | 2 | 18 | — | " |
| | | August | | November | | February | | |
| Barclays (c) | 420 | 22 | 7 | 37 | — | 47 | — | 426p |
| Imperial (c) | 60 | 15 | 1 | 17½ | — | — | — | 74p |
| Imperial (c) | 70 | 6½ | 7 | 8 | 2 | 11 | — | " |
| Imperial (c) | 80 | 2 | 2 | 3½ | — | 6 | — | " |
| Lasmo (c) | 650 | 8 | 1 | 16 | — | — | — | 557p |
| Lonrho (c) | 90 | 8 | — | 11 | — | 14½ | 30 | 94p |
| Lonrho (c) | 100 | 3 | 3 | 6½ | — | 8 | — | " |
| Lonrho (p) | 90 | 3½ | — | 5 | — | 7½ | 40 | " |
| Lonrho (p) | 100 | 7 | 6 | 10 | — | 13 | — | " |
| P & O (c) | 160 | 1 | — | 2 | 14 | — | — | 126p |
| Racal (c) | 330 | 55 | 5 | 70 | — | 82 | 1 | 383p |
| Racal (c) | 360 | 29 | 47 | 50 | 10 | 62 | — | " |
| Racal (c) | 390 | 12 | 81 | 29 | 33 | 44 | — | " |
| Racal (p) | 330 | 1 | — | 5 | — | 7 | 2 | 383p |
| Racal (p) | 360 | 8 | 96 | 13 | — | 17 | — | " |
| Racal (p) | 390 | 19 | 3 | 24 | — | 27 | — | " |
| RTZ (c) | 460 | 80 | — | 95 | 1 | 113 | — | 533p |
| RTZ (c) | 500 | 48 | — | 63 | 1 | 80 | — | " |
| RTZ (c) | 550 | 23 | 9 | 42 | 1 | 50 | — | " |

C=Call P=Put

## EUROPEAN OPTIONS EXCHANGE

| Series | | Aug. Vol. | Aug. Last | Nov. Vol. | Nov. Last | Feb. Vol. | Feb. Last | Stock |
|---|---|---|---|---|---|---|---|---|
| GOLD C | $450 | 1 | 33 | — | — | — | — | $462 |
| GOLD C | $475 | 5 | 17 | 41 | 35 | — | — | " |
| GOLD C | $500 | 2 | 9.50 | — | — | 3 | 41 | " |
| GOLD C | $550 | — | — | 6 | 12 | — | — | " |
| GOLD P | $450 | — | — | 10 | 15 | — | — | " |
| GOLD P | $475 | 12 | 19 | — | — | — | — | " |
| GOLD P | $500 | 3 | 38 B | — | — | — | — | " |
| | | July | | Oct. | | Jan. | | |
| AKZO C | F.20 | — | — | 30 | 6.80 | — | — | F.26 |
| AKZO C | F.25 | 11 | 1.60 | 61 | 2.90 | 21 | 3.50 | " |
| AKZO C | F.27.50 | — | — | 60 | 1.60 | — | — | " |
| AKZO P | F.25 | — | — | — | — | 20 | 1.20 | " |
| HEIN C | F.55 | 44 | 0.40 | 17 | 2.60 | — | — | F.51.20 |
| HEIN C | F.60 | — | — | 20 | 1.30 | — | — | " |
| HOOG C | F.20 | — | — | 35 | 1.80 | — | — | F.18.70 |
| IBM C | $55 | 6 | ⅝ | — | — | — | — | $55 9/16 |
| KLM C | F.80 | 10 | 52 | — | — | — | — | F.131 |
| KLM C | F.100 | 85 | 31 | — | — | — | — | " |
| KLM C | F.110 | 45 | 21 | 10 | 25 | — | — | " |
| KLM C | F.120 | 105 | 12 | 5 | 21 | — | — | " |
| KLM C | F.130 | 109 | 7 | — | — | 10 | 22 | " |
| KLM C | F.140 | 184 | 3.60 | 16 | 11.50 | — | — | " |
| KLM C | F.150 | 128 | 0.20 | 103 | 8A | 13 | 11.50 | " |
| KLM P | F.100 | — | — | 10 | 1.50 | — | — | " |
| KLM P | F.110 | 11 | 0.50 | 12 | 3.10 | — | — | " |
| KLM P | F.120 | 290 | 1.50 | — | — | — | — | " |
| KLM P | F.130 | 46 | 5.70 | 18 | 10 | 12 | 18 | " |
| KLM P | F.140 | 5 | 13A | — | — | — | — | " |
| NATN C | F.115 | 15 | 3.30 | — | — | — | — | F.117 |
| NATN C | F.120 | 10 | 0.90 | — | — | — | — | " |
| NATN C | F.125 | — | — | 5 | 2.50 | — | — | " |
| NATN C | F.130 | — | — | 10 | 18 | — | — | " |
| PHIL C | F.17.50 | — | — | 38 | 7.30 B | — | — | F.24.20 |
| PHIL C | F.20 | 18 | 4.20 B | 57 | 5.10 | — | — | " |
| PHIL C | F.22.50 | 98 | 2 | 70 | 2.80 | 23 | 4.20 | " |
| PHIL C | F.25 | 166 | 0.60 | 126 | 1.90 | — | — | " |
| PHIL C | F.27.50 | — | — | 35 | 0.90 A | 130 | 1.50 | " |
| PHIL C | F.27.50 | 70 | 3.20 | — | — | — | — | " |
| POLA C | $30 | 10 | 3⅛ | — | — | — | — | $32¾ |
| POLA C | $35 | — | — | 8 | 2⅛ | — | — | " |
| RD C | F.80 | — | — | 109 | 10.60 | 10 | 11.50 | F.87 |
| RD C | F.90 | 545 | 1.50 | 168 | 4.70 | 105 | 6.30 | " |
| RD C | F.95 | 30 | 0.40 A | — | — | — | — | " |
| RD C | F.100 | 290 | 0.20 | 76 | 1.80 | 187 | 3.20 | " |
| RD C | F.110 | 8 | 0.10 | 10 | 0.80 | — | — | " |
| RD P | F.80 | 14 | 0.50 | 60 | 2.30 | — | — | " |
| RD P | F.90 | 34 | 3.80 | 25 | 7.50 B | — | — | " |
| RD P | F.95 | 22 | 8.50 | — | — | — | — | " |
| UNIL C | F.150 | 18 | 4.90 A | 9 | 8.80 | — | — | F.152 |
| | | Aug. | | Nov. | | Feb. | | |
| BASF C | DM.130 | — | — | 10 | 10.50 | — | — | DM148 |
| MANN C | DM.150 | 5 | 5 A | — | — | — | — | DM152.30 |
| VW C | DM.160 | 29 | 15.50 | — | — | — | — | DM178 |

TOTAL VOLUME IN CONTRACTS 4341

A=Asked B=Bid C=Call P=Put

# Duport dives to £9.5m loss before interest

THE TREATMENT of the private sector of the UK steel industry was described yesterday by the chairman of Duport as "nothing short of scandalous."

"The particular effects of the Government's massive subsidies to the British Steel Corporation together with its energy pricing policies and the unwillingness to deal equitably with the rationalisation of the steel industry has brought Duport, together with other British steel companies, to the verge of bankruptcy," Mr Eric Sayers said.

Duport revealed that it had lost £9.54m before interest and tax in the year to January 31 last against a profit of £9.44m in the previous year. The steel interests, which have either been sold to BSC or shut down prior to a sale, lost £7.87m against an earlier surplus of £4.86m.

As known, the group has provided £41.81m to cover the restructuring costs required following the closure of its modern electric arc furnace capacity at Llanelli at a cost of £34.19m together with estimated redundancy and termination costs amounting to £11.41m.

But the chairman warns that "the disposal of the remaining assets in South Wales may take some time to achieve and a degree of uncertainty has to be admitted as to the timing and amount of these realisations."

Meantime, the retained operations were in loss last year with the exception of the plastics division and some sundry activities and despite some recovery from the worst effects of last year "it is doubtful that these improvements will be sufficient to return the group to overall profit for the year as a whole."

Net short term borrowings have risen from £9m at the beginning of April to £13m but the group's facilities, together with the banks' subscription of £4.5m of convertible subordinated loan and convertible preference finance "will, in the absence of unforeseen and materially adverse circumstances, be sufficient for the immediate needs of the business."

## Mid Kent Water stock offer

Mid Kent Water Company is offering £3m of redeemable preference stock for sale by tender.

The stock carries a coupon of 9 per cent and the minimum tender price of £97 produces a conventional gross flat yield of 13.25 per cent or 19.33 per cent for those liable for corporation tax. The yields to redemption are 13.63 per cent and 19.62 per cent respectively.

The stock is redeemable at par on February 27, 1987. It is denominated in multiples of £100 and applications, accompanied by a deposit of £10 per £100 nominal must be received before 11 am on July 1.

The first dividend, amounting to £1.645 net, will be payable on October 1, 1981, and dividends will thereafter be paid half-yearly on April 1 and October 1 in each year.

Brokers to the issue are Seymour, Pierce and Company.

### ● comment

Recent water issues have fared badly as the trend of interest rates changed direction; the last three have been undersubscribed. An additional complication in pricing the Mid-Kent issue is the big demand for funds now coming from the BP and other large rights issues. Certainly the issuers have been trying hard to keep up with the market. The gross flat yield on Mid Kent at 13.25 per cent is nearly 1¼ points above that on the unsuccessful Newcastle issue early in May, and the redemption yield on Mid Kent for fully franked investment income of 19.62 per cent is more than 5 points above the Treasury 12 per cent 1986. This one should also benefit from being fairly small, but it is still difficult to forecast how well it may be received next week.

### ALLIED IRISH

Acceptances have been received in respect of 89 per cent of the 27.1m shares of Allied Irish Banks offered in a one-for-four rights issue at I£1.20 a share.

### STANLEY GIBBONS

Stanley Gibbons has acquired the lease of the ground floor of 399/401 Strand, where it intends to expand and improve the existing stamp shop into the largest in London.

# BIDS AND DEALS

## Berisford still needs 3% of British Sugar

S. AND W. BERISFORD, the commodity trader fighting to take over British Sugar Corporation in a £200m bid battle, now holds 39.56 per cent of the corporation's shares. It is still 3 per cent short of the level at which it will gain effective control of the group.

Mr Gerald Thorley, British Sugar's chairman, has written to shareholders and told them "the battle is far from over."

He says: "Because of the good sense of our private and institutional shareholders, the prize remains out of Berisford's reach. And some shareholders who have accepted, have on second thoughts exercised their undoubted right to revoke their acceptances in respect of over 225,000 shares in British Sugar.

"Hence Berisford are becoming desperate, and are trying to stampede shareholders with *alarmists threats* about the share price if the bid fails.

"So far this ploy has failed but no doubt they will renew their efforts in the few remaining days."

He concludes that "if you are among the few who have accepted the bid, we would urge you to withdraw your acceptance," and adds "if you have not accepted the bid we again ask you to stand firm and take no action."

Berisford needs 42.56 per cent of British Sugar, at which point the British Government, which holds a 24.17 per cent stake in the sugar producer, will swing its shares in support of the Berisford bid.

The Government's support is conditional on Berisford gaining the support of the majority of the uncommitted shareholders.

J. Henry Schroder Wagg, the merchant bank advising the British Sugar Corpoartion, bought 400,000 British Sugar shares for itself at 335½p per *share on Tuesday in an effort to* thwart the Berisford bid.

The bank revealed that it had received forms of revocation in respect of a further 106,528 *shares in British Sugar* previously assented to Berisford's offer.

The forms of revocation have now been received in respect of a total of *227,544* shares in British Sugar.

## Lilley in £2m U.S. acquisition

F. J. C. Lilley, a civil engineering and building contracting group, has acquired 80 per cent of Petro-Chem Construction Corporation of Sulphur, Louisiana, U.S. for $4m (£2m).

Petro-Chem has been engaged since 1964 in industrial construction and engineering services for the oil and petro-chemical industries of Calcasieu, Louisiana.

Of the purchase price $1.84m was paid on completion, and the balance is payable in four equal annual instalments with interest at 10 per cent per annum. The price is subject to adjustment based on the net pre-tax profits of Petro-Chem in the four years to March 31, 1985.

Petro-Chem's assets at March 31, 1981, amounted to $2,401,000 *and its average net pre-tax profits* for the three years to that date amounted to $1,006,000.

Last month the Lilley group also acquired 80 per cent of B. W. Curbow and Co., a *gas and* oil pipeline contractor of Kingsville, Texas, for a consideration of $488,000.

Together with the 80 per cent stake in Harrison Western Corporation of Denver, Colorado, which was acquired in April 1980, these two new acquisitions extend Lilley's interests in the U.S. in the energy and natural resources market.

### OLD SWAN HOTEL

Aberdeen Investments has bought 100,000 Old Swan Hotel shares at 68p making a total holding 225,000 shares (9 per cent).

## Doubled profits forecast in Collins' defence

William Collins, the Glasgow-based publishing group, is forecasting doubled profits for 1981 and a 150 per cent hike in the dividend payment, in an aggressive rejection of the £22.75m bid from News International.

Collins, which recovered from a loss of £0.26m to a profit of £2.05m last year, expects profits in the current year to reach not less than £4m. On this basis the directors will recommend dividends up from 3p to 7.5p.

Presenting the defence document at a press conference yesterday Mr Ian Chapman, the Collins chairman, revealed that there had been conflict between himself and Mr Jan Collins, the former chairman who sold his holding in Collins to News International just prior to the bid being made.

Mr Chapman said he had not been in contact with Mr Collins since he resigned when the bid was announced early in May. He said he was still "mystified" and "astonished" that Mr *Collins had sold his shares* to News International.

Mr Chapman admitted there had been some personal conflict over group policy with Mr Collins but he said it was not a "power struggle." There were "fundamental disagreements between the chairman and the rest of the board over rationalisation," said Mr Chapman, and Mr Collins was "less than happy about certain decisions the board had taken."

The company said yesterday that the forecast represented a "move to a new position" and was not a "one off" rise boosted by any specific items. It hoped the improvement would be a continuing process.

The profits forecast the group has made reflects the benefits of rationalisation moves over the past few years. Mr Chapman said that book manufacturing was more hopeful than last year and he expected losses here to be reduced. He was also hopful of an improvement in publishing profits.

If the bid fails and News International keeps its stake, presently around 31 per cent, Mr Chapman said that Collins might consider inviting Mr Rupert Murdoch (the News chairman) or one of his representatives on to the board.

*"I have known him for 12 years. He is a friend — I am not against Rupert Murdoch but I am passionately for independence."*

*Mr Chapman said he did not* think Mr Murdoch would try to run the company with his stake but admitted it was "not unreasonable" for a shareholder *with such a stake to ask for a* seat on the board.

The chairman said that he had not discussed the bid with Mr Robert Maxwell, whose Pergamon Press holds just over 9 per cent of the Collins shares. He said that the board had no grounds for believing a rival bid attack was on the way.

News International acquired its initial stake in Collins following an approach from Mr Jan Collins and certain other Collins family shareholders. News said in its offer that certain members of the Collins family, who sold their shares, wished to find a shareholder who would share their concern with maintaining the Collins ethos and standards.

Mr Chapman said he had received over 120 letters and numerous phone calls in support of the board from authors, customers and employees "who could not have expressed more clearly their confidence in the present management's commitment and ability to maintain Collins reputation."

Mr Chapman says in the rejection document," we do not see any benefit to Collins in being acquired by News. Indeed we believe that the disruption caused by a takeover would jeopardise our continuing recovery." He tells holders; "do not be misled into thinking that you should sell your shares simply because one group of family shareholders have seen fit to sell out for their own reasons."

Mr Chapman reveals in the document that negotiations have already stopped on one very major contract because of the uncertainty surrounding Collins' future as an independent company. The chairman said he was also aware that the same attitude is prevalent among existing customers who may therefore be unwilling to renew or repeat their contracts if the bid succeeds.

Mr Chapman concludes his statement: "at a time when substantial recovery has already taken place and is seen to be continuing, your directors and their financial advisers, J. Henry Schroder Wagg believe that the bid by News . . . is inadequate and they strongly recommend that you reject it."

## Prof. Smith supported by Fraser holders

House of Fraser, the Harrods stores group, has received enough proxies in support of the re-election of Professor Roland Smith, group chairman, and other directors who are up for re-election to ward off any opposition by Lonrho, the group's *largest* shareholder, to the re-election of Professor Smith.

Over the last week, House of Fraser had feared that Lonrho would use its block of shares amounting to *29.99 per cent of* the Fraser equity to block the re-election of the Professor. But the Board appears to have gained the support of institutional shareholders, who *in total* control around 30 per cent of the Fraser equity, and other shareholders.

## Steetley aims to finish year in good shape

Steetley, the construction materials group which is bidding for G. H. Downing, the face brick and tile producer, should finish this year "in good shape" although no forecast is being made in the present unsettled conditions, the company said in the official offer documents released yesterday.

The group said that the low level of activity in the construction industry had continued and the high differential between UK and overseas energy costs, which affects mineral and refractory costs, had delayed the recovery of the UK company. Its overseas interests, however, were doing well, the group added.

Steetley is offering a *maximum* of 264.45p in cash for each Downing share subject to a maximum cash content of £5.5m. The alternative share offer is valued at 256p a Downing share at Steetley's closing price yesterday of 208p.

Steetley's bid followed an offer by Hanson Trust of 200p a share which was accepted by holders of *24.8* per cent of *Downing* shares and which has been extended to July 8. The Steetley offer closes on July 15.

### SHARE STAKES

**Tozer Kemsley and Millbourn (Holdings)**—Mr K. A. C. Thorogood, chairman, has sold 434,000 ordinary shares (0.81 per cent) at 68p, leaving his total holdings at 5,078,355 (9.47 per cent).

**Arthur Bell and Sons**—Bank of Scotland nominees has sold *375,000 (0.54 per cent) ordinary*, making its total holding 6,571,567 shares (9.43 per cent).

**Stylo Shoes**—Dr Lewis has purchased 27,627 ordinary shares.

## Tootal makes £4.6m purchase

BY RHYS DAVID

AMERICAN THREAD, the U.S. subsidiary of **Tootal**, the textile group, has bought Donahue Sales Corporation, one of the main distributors of thread and haberdashery products to consumer outlets in the U.S. and Canada, in a deal worth U.S.$9.25m (£4.625m).

Donahue which has a turnover of around $30m—roughly the same as American Thread's consumer sales—was formerly part of the Talon Division of the U.S. company Textron, which has been disposing of its interests outside high technology areas. In the UK another Talon business, a zip fastner plant at Tree Forest, in Mid Glamorgan, announced earlier this week that it would be closing with the loss of 360 jobs.

Forecasting a group pre-tax profit of £12m for the current year, Tootal's chairman Mr Alan Wagstaff said after the annual meeting in Manchester yesterday, that the linking of American Thread and Donahue in consumer markets would provide scope for considerable savings and improved profitability. Donahue markets thread bought in from other manufacturers and in future part of its supply will come from American Thread. It also offers a range of other products for the home sewing trade.

*Mr Wagstaff also revealed that* Tootal's loss making U.S. retailing venture, Ups 'n' Downs, was for sale and that negotiations were taking place with a potential buyer. The business has been a consistent loss maker for Tootal since it was acquired in 1978, turning in a deficit last year of £900,000.

The business would only be sold, however, if a suitable price could be obtained Mr Wagstaff said. Otherwise Tootal would *continue to operate it under its* recently appointed new management which was making considerable progress in turning it around.

## 'Legal reasons' halt Hartons payout

It will not be possible, "for legal reasons," for the **Hartons Group**, an industrial holding company to be formed out of the demerging of Francis Sumner's industrial and textile interests, to pay the special and interim dividends of 0.5p and 0.25p per Hartons share which it indicated when details of the demerging *operation were first released in* May.

However, Francis Sumner will itself pay a special dividend of 0.2p a share, and will consider the payment of an interim dividend by Hartons later in the year, the group said in the official documents relating to the demerging *operation.*

The demerger is aimed at separating the industrial and textile operations of Francis Sumner, with Hartons taking the plastics, engineered products and property interests. Hartons will make a rights issue of one new share for each share held to raise around £500,000, if the demerger proposals are approved.

The demerger will be put into effect by the issue of two new Hartons shares for every five Sumner shares held, and the group has applied for the new Hartons shares to be admitted to the Unlisted Securities Market.

## TODAY'S COMPANY MEETINGS

Canadian and Foreign Inv. Tst., The Stock Exchange, Throgmorton Street, EC, 12.00.
Estates and General Invests., Savoy Hotel, Strand, WC, 12.00.
External Inv. Tst., Three Quays, Tower Hill, EC, 12.45.
Feedex Agricultural, Daisy Hill, Burstwick, Hull, 6.00.
Findlay Hardware, 1175, South Street, Glasgow, 12.45.
Folkes (John) Helo, Chamber of Commerce, 75, Harborne Road, Birmingham, 12.00.
General Scottish Trust, 4, Melville Crescent, Edinburgh, 12.15.
Grampian Television, Television Studios, Queen's Cross, Aberdeen, 12.30.
Holyrood Rubber, 1-4, Great Tower Street, EC, 11.00.
Hongkong (Selangor) Rubber, 1-4, Great Tower Street, EC, 3 00.
House of Fraser, City Hall, Candleriggs, Glasgow, 12.00.
Kuala Selangor Rubber, 1-4, Great Tower Street, EC, 12.30.
Lee Cooper, Cafe Royal, Regent Street, W, 12.00.
Mersey Docks and Harbour, Port of Liverpool Bldg., Liverpool, 11.30.
Mothercare, Winchester House, 100, Old Broad Street, EC, 11.00.
1928 Inv. Tst., 1, Brewer's Green, Buckingham Gate, SW, 3.00.
Pickles (Wm.), St. James's Club, Charlotte Street, Manchester, 10.30.
Porter Chadburn, St. George's Hotel, Lime Street, Liverpool, 12.15.
Slingsby (H. C.), Victoria Hotel, Bridge Street, Bradford, 10.30.
Sphere Inv. Tst., Mermaid House, 2 Puddle Dock, EC, 12.00.
Transatlantic and General Invs., Three Quays, Tower Hill, EC, 12.15.
Uniflex, 43, Conduit Street, W, 10.00.
Vickers, Millbank Tower, SW, 12.00.

# COMPANY NEWS

# MINING NEWS

## Conditional discharge for Argyll director

THE financial director of Argyll Foods has been found guilty of contravening two sections of the 1948 Companies' Act concerning the presentation of accounts.

Mr. David Webster, who had pleaded not guilty to contravening sections 150 and 152 of the Act, was given a conditional discharge for 12 months at Cardiff Magistrates Court yesterday.

The prosecution agreed that another eight summonses against other directors of Argyll, including chairman Mr James Gulliver, should be adjourned sine die.

The decision was taken pending the outcome of a possible appeal by Argyll.

During the three-day trial, the prosecution, the first-ever of this type brought by the Department of Trade, alleged that the consolidation of Morgan Edwards, a Shrewsbury-based grocery firm into Argyll Foods' balance sheet at December 31, 1979, in the 1979 report and accounts, was misleading. This, they said, was because the company did not legally become an Argyll group subsidiary until March 25, 1980.

Mr Richard Sykes, QC, summing up for the defence, said the core of the case rested in Section 152 sub-section 1 of the Act, "that is the requirement to produce accounts to show a true and fair view."

He said: "All the expert witnesses, prosection and defence, agree that the accounts were not misleading if read as a whole.

"Nobody could be misled into thinking that Morgan Edwards' acquisition had been completed by December, 1979. It is perfectly clear that it took place in March, 1980 but the Argyll directors decided for accounting purposes, to treat it as being bought by December 31, 1979.

"The Argyll directors, who ran a substantial company with an anual turnover of £250m, take seriously their responsibility to their shareholders."

He said that what the accounts reflected was the economic reality that existed five months before they were published with Argyll commercially in control of Morgan Edwards.

Earlier, Mr Donald Hanson, senior partner with Argyll's accountants, Arthur Andersen and Co, of Charlotte Street, Manchester, gave evidence for the defence.

In the auditors' report, Andersens had pointed out that, in their view, the accounting treatment did not comply with sections 150 and 152 of the act, but because of the inclusion of a note, number 10, about the acquisition of Morgan Edwards, they were not misleading.

Mr Hanson said in evidence that this kind of approach with a note to the balance rather than a proforma had been adopted at the Argyll directors' request. They had already issued six proformae in a year and were concerned that this would become confusing.

In cross-examination, Mr Timothy Nash, for the prosecution, suggested that without the note, the balance sheet did not show a true position. Mr Hanson replied: "In my judgment, it can't be a true and fair view without the notes. It's unreal to look at a balance sheet without the notes."

He said in the accounts as a whole, there was no doubt about when Argyll bought Morgan Edwards.

A defence expert witness, Mr Roger Munson, a senior partner in the City accountants firm of Cooper and Lydrand, said he could not see that any deceit was involved in the way the accounts had been prepared.

## Japanese to take 10% in Blair Athol

JAPAN'S Electric Power Development Company (EPDC) has been given Australian Federal Government approval to acquire a 10 per cent interest in the country's largest export steaming coal project at Blair Athol in Queensland.

The A$500m (£114m) project is now 62 per cent-owned by the Rio Tinto-Zinc group's Australian arm, CRA, and 18 per cent by America's Atlantic Richfield group. Because CRA is moving towards Australian naturalisation, the level of Australian equity in the project is 31.6 per cent.

Mr John Howard, the Australian Treasurer said that against the background of Australia's requirements about the level of foreign ownership of domestic operations, the approval of the Japanese purchase was conditional upon an undertaking by the parties to complete the sale of a further 24.39 per cent interest in the venture to Australians.

Final approval for Blair Athol to commence production will be given when 50 per cent Australian participation has been achieved. Mr Howard recalled that last year approval was withheld for EPDC to acquire a 19 per cent interest because no attempt had been made to introduce 50 per cent Australian equity into the venture.

### ROUND-UP

**Reynolds Diversified Corporation** intends to develop its Wiluna gold area in Western Australia. The company is to conserve funds for this purpose by reducing its stake in the Ajman oil and gas concession to a five per cent free carried interest from the present 42 per cent. This will allow Reynolds to concentrate on a U.S.$200,000 (£100,000) exploration programme at Wiluna and then to seek a major partner.

## Plan to raise Australian royalties is attacked

BY KENNETH MARSTON, MINING EDITOR

DRAFT LEGISLATION proposing sizeable increases in royalties payable by mining companies operating in Australia's Northern Territory has come under criticism from both political and industrial sources, reports our Sydney correspondent.

The legislation, which coincides with the opening up of the Arnhem Land aboriginal reserve to exploration after a moratorium lasting almost a decade, proposed a royalty rate 35 per cent on the pre-tax profits of companies operating in the Northern Territory.

While representing an increase of almost 900 per cent on the territory's existing and relatively low royalty structure, the move would have the impact of lifting the royalty rates of mining companies to a minimum 65 per cent of profits. But because royalties will be deductable against Federal income tax they would divert a considerable income away from the Federal Government.

Under the proposed system, federal tax on mining company income would be effectively cut from the prima facie rate of 46 per cent to 29.9 per cent.

Broken Hill Proprietary, which mines and treats about 2m tonnes of manganese ore on Groote Eylandt, in the Gulf of Carpentaria, said the move would inhibit development in the NT and the federal opposition's minerals and energy spokesman, Mr Paul Keating, said the legislation would create a "very dangerous precedent."

Mr Hugh Morgan, president of the Australian Mining Industry Council, said that having regard to the right of governments to manage their resorces the way they saw as correct, he did not feel it appropriate to decry it.

But he added: "My reaction is that within the industry the proposals will be seen as draconian, and the reaction of the industry to reduce activity in the territory will be greater than the designers of the Bill expect."

The NT Government proposes that the new system should operate from the beginning of next year and apply to existing mines as well as to new projects.

## Sunshine gets bid approval

AMERICA'S leading silver producer, Sunshine Mining, has obtained preliminary Court approval in Spokane, Washington, to proceed with its plans to take over three smaller northern Idaho mining companies.

U.S. District Court judge Justin L. Quackenbush denied a motion for a preliminary injunction brought against Sunshine by the three companies, Silver Dollar Mining, Silver Syndicate and Sunshine Consolidated.

The plaintiffs had argued that Sunshine should be prevented from proceeding with its takeover plans because it had not adequately disclosed the extent of the three smaller companies' reserves.

They also asserted that the takeover should be blocked because Sunshine is under the control of an Arab-owned group, called Mediterranean Investors Group, which owns 22.4 per cent of Sunshine's stock.

But judge Quackenbush noted that the investors are prevented from participating in Sunshine's management by contractual agreement. He denied the plaintiffs' motion, citing insufficient grounds.

Attorneys for the three plaintiffs said that they would decide shortly on whether to appeal the motion.

As previously reported Sunshine has proposed a stock-swap under which it would exchange one share of Sunshine common stock for every 1.2 shares of Silver Dollar's 1.9m shares outstanding; one for every two shares of Silver Syndicate's 2.3m shares; and one for every 3.33 shares of Sunshine Consolidated's 2.9m shares.

## BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

**TODAY**

Interims: A. G. Barr, Braid Group, Henlys, J. and H. B. Jackson, Lookers, Trusthouse Forte, United Guarantee, United States and General Trust.

Finals: Associated Communications, Baker Perkins, Burnett and Hallamshire, Electric and General Investment, Electrocomponents, Executex Clothes, Jatel, Norcros, Patbow, Plessey, Redland, Renold, Roan Consolidated Mines, Scapa, Shaw Carpets, Triplex Foundries.

**FUTURE DATES**

| | |
|---|---|
| Interims— | |
| Granada | July 1 |
| Greenfields Leisure | July 9 |
| Ladies Pride Outerwear | July 15 |
| Lincroft Kilgour | July 7 |
| Lonsdale Universal | July 7 |
| Finals— | |
| Avana | July 1 |
| Batleys of Yorkshire | July 9 |
| Capital Reserve Fund | July 8 |
| Dowty | July 21 |
| Greene, King | July 9 |
| Sutcliffe Speakman | June 30 |



# Business and Investment Opportunities

READERS ARE RECOMMENDED TO TAKE APPROPRIATE PROFESSIONAL ADVICE BEFORE ENTERING INTO COMMITMENTS

# Powell Duffryn £1.9m off year end

SECOND half profits of the Powell Duffryn group fell £2.5m to £7.21m and left the taxable surplus for the year ended March 31 1981 behind from a record £15.88m to £14m. Turnover moved over £15m ahead to £456.2m, against £440.95m.

Lord Sandon, chairman, says that in many of the group's worldwide markets economic conditions are likely to remain uncertain at least for some months. However, the group faces "another difficult year with some confidence," he states.

Analysing the year's results, an increase in profits in the bulk liquid storage and fuel distribution sectors was more than offset by downturns in the three other main divisions.

By division, turnover and trading profits—£18.83m (£19.73m)—were split as to: bulk liquid £10.7m (£8.2m) and £2.99m (£2.17m); fuel distribution £234.9m (£218.7m) and £6.83m (£5.56m); engineering £69.5m (£65.4m) and £4.64m (£5.7m); shipping £66m (£58.1m) and £3.45m (£4.16m); construction services £72.9m (£75.4m) and £1.94m (£3.56m); unallocated central costs took £467,000 last time; discontinued activities £2.2m (£15.2m) turnover and £1.02m (£951,000) losses.

Lord Sandon explains that as forecast last November, the performance of those activities which serve the construction industry suffered from the recession in the second half of the year. And together with the costly industrial action by the National Union of Seamen in January and February, which affected the shipowning companies, is reflected in profits.

Following recent capital expenditure, overseas trading profits amounted to £4.7m, an increase of £2.6m on 1979-80.

Pre-tax surplus for the 12 months was struck after higher interest, of £4.83m against £3.85m, and subject to tax of £2.49m (£3.46m) and much lower extraordinary debits of £803,000, compared with £3.6m.

After preference dividends of £60,000 (same), this left an attributable balance £1.89m higher at £10.66m.

The dividend total is stepped up to 14.25p (13.25p) net per 50p share, with a final payment of 9.55p (9p), which will absorb £4.45m (£4.11m).

Before the extraordinary items, earnings are shown as 36.8p (39.9p) per share.

On a CCA basis pre-tax figure is reduced to £4.8m (£6.8m).

## ● comment

With one important exception, Powell Duffryn can count itself satisfied with its all round performance last year. Trading profits are down by 5 per cent but the decline at the pre-tax level is exaggerated solely by the interest charges related to overseas expansion. The weak point is the re-constituted construction services division which, crucially, takes in a decline in the timber and builders' merchants operations from £2.61m to about £900,000 before tax and interest on static turnover of about £42m. The malaise of the timber sector is already showing in the results from the industry realised so far and the trend will almost certainly be confirmed as other companies report. The effect on PD, inter alia, is to reduce CCA profits to about 40 per cent of historic profits whereas they would otherwise have achieved about 50 per cent. The dividend is thus markedly uncovered although the decision to lift the net total distribution by 7½ per cent is thoroughly justified by the inherent strength of other divisions—notably storage and fuel—and a balance sheet which is still only 30 per cent geared. The share eased 12p yesterday to 273p, after recent strength, where the yield of 7.7 per cent suggests a very adequate level of support.

# Irish Oil & Cake raises final to 2p

TAXABLE profits of the Irish Oil and Cake Mills finished higher at Ir£ 253,000 against Ir£ 237,000 for the year to March 28 1981, having been down at midway from £129,000 to £117,000.

The final dividend will be increased from 1p to 2p, making a total of 3p against 2p. The company states earnings per 25p share as 10.85p compared with 3.58p.

Turnover, however, was down by £4.38m to £16.2m, having been £9.83m against £12.83m at halftime. The company, which became a subsidiary of S. Rabbitte and Co. in 1979, carries on business of extracting, processing and distributing vegetable oils and fats, animal fats and marine oils.

Interest payments took £294,000 (£383,000) out of pre-tax profits. Tax was £33,000 (£94,000) leaving attributable profits of £434,000 (£143,000) after an exceptional credit of £214,000 (nil).

## Allebone concern

Shareholders of Allebone and Sons were warned by the chairman at the AGM that sales of the group's retail subsidiary, Tandem Shoes, had been disappointing over the past four weeks.

He said this pattern was bound to be reflected in the half-year results and if it continued, the group would incur a larger loss than in the six months to July 31, 1980 despite the continuing strong performance of the manufacturing subsidiary A and S (Footwear).

## Throgmorton Trust

Gross revenue of the Throgmorton Trust fell from £1.9m to £1.66m for the half year to May 31 1981, while attributable profits came through lower at £0.95m, compared with £1.14m.

Stated earnings per 25p share decreased from 2.61p to 2.17p but the net interim dividend is unchanged at 2.25p and the board expects to maintain the total at 6p.

Net asset value at the half year climbed to 145.9p, as against 108.8p a year earlier.

Expenses and interest for the half year amounted to £243,109 (£255,715) and tax took £463,376 (£506,291).

# Brickhouse Dudley declines

SECOND-HALF pre-tax profits of Brickhouse Dudley slipped from £1.49m to £1.27m bringing the figure for the year ended March 31, 1981 £359,000 lower at £2.18m. Turnover increased marginally to £28.99m as against £28.63m.

The final dividend is being maintained at 2.25p net per 10p share making an unchanged total of 3.5p. Earnings per share are stated at 8·54p (9.9p).

Mr. Richard Graves, the chairman of this group which manufactures cast iron and steel products for the building and civil engineering industries says it was hit by severe price competition, cutbacks in government expenditure and the recession in the construction industry.

In all the circumstances he says he considers the results a good achievement. Stringent cost savings were made throughout the group and further progress in exports played a major part in the year's results.

Export orders received during the year amounted to £7.3m, against £5.9m, of which £1.5m was outstanding at the end of March.

"There is as yet no indication of any improvement in our UK level of trade." Mr. Graves says. He warns that the current year could be even more difficult unless the construction industry picks up and there is increased expenditure on roads, sewerage systems, and the like. However he is confident of the group's ability to seek higher exports and sustains its success in overseas markets.

"We are financially strong," says Mr. Graves, "and the search continues for opportunities to lessen reliance on construction and diversify activities."

Taxable profits were struck after interest of £106,864 (£244,162) and tax took £859,129 (£1.06m) leaving attributable profits of £1.32m (£1.48m). Dividends absorb £479,488 (same) after which the retained profits emerge at £844,701 (£1m).

Current cost adjustments reduced the pre-tax profit to £1.79m (£1.68m).

## ● comment

Brickhouse Dudley had a far better second half—pre-tax profits for the six months exceeding the interim figure by no less than 38 per cent—despite falling back in the UK as the market for drainage castings shrank. The difference was made by a higher level of export invoicing which, because of the variable interval between orders and receipts rather overstated the trend in overseas sales—favourable though it is. Export orders in the current year are running ahead of 1980, but overall prospects are clouded by the dullness of foreseeable sales in the UK. If Brickhouse's second-half spurt was a little flattering, its true quality comes through in the current cost accounts and its balance sheet. There is virtually no gearing, and a maintained dividend is covered 1.95 times on CCA—half as well again as last year. Falling scrap prices have helped, but the marketing side has also been able to increase its current cost margins. The shares were unchanged at 47p, where they yield 10.2 per cent.

# Hicking Pentecost cuts payout as profits tumble

SECOND-HALF pre-tax profits of Hicking Pentecost and Co. dropped from £419,120 to £177,000, and figures for the full year to March 31, 1981 were substantially lower at £304,000 compared with £875,000. The final dividend is cut from 5.5p to 4p for a lower total of 6p—down from 9p.

Turnover of this textile manufacturer and commission dyer was down slightly from £11.7m to £11.35m.

The board says that trading in the knitwear division continues to be depressed in the current year and there is severe pressure on profit margins. The company has continued to expand further export markets however, and at present these show an increase of 20 per cent on the position a year ago.

It says the forward order position is good and will enable the company to maintain full production for the next few months.

The level of demand in the dyeing division has been slightly ahead of the same period last year, although margins remain very tight, it adds. Some increase in demand normally experienced during the summer months is again taking place.

Trading profit for the year was lower at £512,000 against £886,000. Tax rose from £30,000 to £125,000 and after an extraordinary credit of £3,000 (£260,000 debit), profit available came out at £182,000 compared with £454,000.

## Hoveringham warns

The chairman of Hoveringham Group warned shareholders at the AGM that latest management returns indicated that the recession was continuing to depress the volume and profits in the group's construction-related activities to an extent unprecedented in recent years.

He said he expected profits for the half-year to June 30 to be less than those for 1980, although the financial position of the company remained strong.

# Local authority yearling bonds total £13.9m

Yearling bonds totalling £13.9m at 13⅞ per cent redeemable on June 30 1982 have been issued this week by the following local authorities:

Derby City Council (£0.5m); Great Grimsby BC (£0.75m); East Lindsey DC (£0.5m); Monklands DC (£0.5m); Chorley BC (£0.25m); Cumbernauld and Kilsyth DC (£0.25m); Hambleton DC (£0.5m); Lliw Valley (Borough of) (£0.15m); Milton Keynes (Borough of) (£0.5m); Ynys Mons Isle of Anglesey BC (£0.5m); Dundee (City of) DC (£0.5m); Renfrew DC (£1m); Sandwell (Metropolitan Borough of) (£1m); Copeland BC (£0.5m); Hart DC (£0.5m); Lothian Regional Council (£1m); Sefton Metropolitan BC (£0.75m); South Yorkshire CC (£0.25m); Bedfordshire CC (£0.75m); Inverness DC (£0.5m); Newbury DC (£0.25m); Oldham Metropolitan BC (£1m); Sunderland (Borough of) (£1m); Tamworth (Borough of) (£0.5m).

Rhymney Valley DC has issued £0.25m of 14¼ per cent bonds at par redeemable on June 20 1984.







# Dollar firm

The dollar improved in currency markets yesterday despite lower Euro-dollar and Federal fund rates. Earlier in the day the dollar may have suffered from some switching into Swiss francs after the appointment of Communists to the French Cabinet but this was later shrugged off and the dollar finished firmer against the Swiss franc.

Sterling lost ground against the dollar and suffered in terms of European currencies. Trading however was fairly quiet.

The French franc sank to the bottom of the European Monetary System yesterday as a result of the appointment of Communist ministers to the French Cabinet. It remained within its divergence limit however, and there was no detectable intervention by the Bank of France. The D-mark remained the firmest currency.

DOLLAR — trade weighted index (Bank of England) rose to 107.9 from 107.8. The dollar finished stronger against most currencies. Against the Swiss franc it closed at SwFr 2.0390 compared with SwFr 2.0325 having been as low as SwFr 2.0180 at one point. It rose to DM 2.3705 from DM 2.3560 and Y222.75 from Y221.75. The dollar was also higher against the French franc at FFr 5.6825 against FFr 5.6625.

STERLING — trade weighted index (Bank of England) fell to 95.6 from 96.1, having stood at 95.8 in the morning and 95.7 at noon. Against the dollar sterling opened at $1.9875 and touched a high of $1.9930 before easing back to $1.98. Soon after New York entered the market it fell to a low of $1.9720 but recovered to close at $1.9795-1.9805, a fall of 1.9c. Against the D-mark sterling fell to DM 4.6850 from DM 4.7125 and SwFr 4.04 from SwFr 4.0650. It was also down against the French franc at FFr 11.2450 from FFr 11.3150.

D-MARK — Strongest member of the European Monetary System and slightly improved against the dollar as U.S. interest rates show signs of declining. A reduction in Germany's large balance of payments deficit later this year, reflecting the better competitive position of German exports, may sustain the recovery providing U.S. interest rates do not rise sharply once more — There was no intervention by the Bundesbank at yesterday's fixing in Frankfurt when the dollar was fixed higher at DM 2.3685 compared with DM 2.3534 on Tuesday. The dollar benefited from a loss of confidence in the French franc and tension over the Polish situation affecting the D-mark. An easing in Federal fund rates was largely discounted as yesterday was banking make-up day. The French franc was fixed at DM 41.67 per FFr 100 compared with DM 41.63 on Tuesday and a floor level of DM 41.505. Meanwhile, sterling slipped to DM 4.692 from DM 4.714. In later trading the pound was quoted at DM 4.6940 and the dollar at DM 2.3655.

FRENCH FRANC — Sharply weaker recently and now the weakest member of the EMS following a loss of international confidence after the inclusion in the new French cabinet of four Communist ministers — The French franc suffered considerably at yesterday's fixing in Paris with funds moving into Swiss francs and dollars despite a continued high level of Euro-franc rates. The D-mark rose to FFr 2.4039 from FFr 2.3998 but was below its ceiling of FFr 2.4093. The dollar rose to FFr 5.6950 from FFr 5.6660 but sterling eased to FFr 11.2850 from FFr 11.3280. In later trading the dollar was quoted at FFr 5.65 and sterling was lower still at FFr 11.2500.

## THE POUND SPOT AND FORWARD

| June 24 | Day's spread | Close | One month | % p.a. | Three months | % p.a. |
|---|---|---|---|---|---|---|
| U.S. | 1.9720-1.9930 | 1.9795-1.9805 | 0.90-1.00c dis | −5.76 | 2.60-2.70dis | −5.35 |
| Canada | 2.3680-2.3850 | 2.3715-2.3725 | 1.45-1.55c dis | −7.59 | 3.75-3.90dis | −6.45 |
| Nethlnd. | 5.20-5.25 | 5.21½-5.22½ | ½c pm-⅓ dis | −0.29 | 1 pm-par | 0.38 |
| Belgium | 76.60-77.40 | 76.85-76.95 | 15-25c dis | −3.12 | 52-62 dis | −2.96 |
| Denmark | 14.70-14.81 | 14.71½-14.73½ | 6-7½ore dis | −5.45 | 18¾-20½ dis | −5.21 |
| Ireland | 1.2815-1.2840 | 1.2825-1.2840 | 0.24-0.38c dis | −2.90 | 0.92-1.09dis | −3.13 |
| W. Ger. | 4.68-4.73 | 4.69-4.70 | ½pf pm-½ dis | −0.32 | ½ pm-par | 0.21 |
| Portugal | 124.00-126.00 | 124.00-124.30 | 55-125c dis | −8.70 | 155-330 dis | −7.81 |
| Spain | 186.75-188.25 | 187.00-187.30 | 90-125c dis | −6.89 | 310-350 dis | −7.06 |
| Italy | 2,334-2,351 | 2,338-2,340 | 31½-33½ lira dis | −16.67 | 86-89 dis | −14.96 |
| Norway | 11.70-11.80 | 11.70-11.72 | ½ore pm-½ dis | — | 1½-2⅞ dis | −0.72 |
| France | 11.20-11.35 | 11.24-11.26 | 9½-10½c dis | −10.67 | 25¾-26¾ dis | −9.24 |
| Sweden | 9.93-10.01 | 9.93½-9.95½ | 2½-3½ore dis | −3.47 | 7-8 dis | −3.02 |
| Japan | 440-445 | 441-442 | 1.90-1.50y pm | 4.62 | 5.20-4.85 pm | 4.55 |
| Austria | 33.10-33.40 | 33.17-33.22 | 2gro pm-3 dis | −0.18 | 4 pm-6 dis | −0.12 |
| Switz. | 4.01-4.05 | 4.03½-4.04½ | 1-½c pm | 2.23 | 2½-2 pm | 2.23 |

Belgian rate is for convertible francs. Financial franc 78.60-78.70. Six-month forward dollar 4.20-4.30c dis, 12-month 5.30-5.50c dis.

## THE DOLLAR SPOT AND FORWARD

| June 24 | Day's spread | Close | One month | % p.a. | Three months | % p.a. |
|---|---|---|---|---|---|---|
| UK† | 1.9720-1.9930 | 1.9795-1.9805 | 0.90-1.00c dis | −5.76 | 2.60-2.70dis | −5.35 |
| Ireland† | 1.5400-1.5455 | 1.5400-1.5420 | 0.30-0.40c dis | −2.72 | 0.75-0.90dis | −2.14 |
| Canada | 1.1978-1.2002 | 1.1992-1.1995 | 0.09-0.12c dis | −1.05 | 0.21-0.25dis | −0.77 |
| Nethlnd. | 2.6300-2.6380 | 2.6350-2.6380 | 1.28-1.18c pm | 5.60 | 3.77-3.67 pm | 5.65 |
| Belgium | 38.71-38.85 | 38.83-38.85 | 11-8c pm | 2.94 | 23-19 pm | 2.17 |
| Denmark | 7.4200-7.4375 | 7.4225-7.4250 | 0.10-0.35ore dis | −0.36 | par-0.50 dis | −0.13 |
| W. Ger. | 2.3630-2.3730 | 2.3700-2.3710 | 1.08-1.02pf pm | 5.31 | 3.10-3.04 pm | 5.18 |
| Portugal | 62.65-63.00 | 62.85-62.95 | par-30c dis | −2.87 | par-80 dis | −2.55 |
| Spain | 94.35-94.65 | 94.60-94.65 | 10-20c dis | −1.90 | 40-60 dis | −2.11 |
| Italy | 1,179½-1,181½ | 1,180½-1,181½ | 10-12 lire dis | −11.18 | 27-30 dis | −9.65 |
| Norway | 5.9080-5.9280 | 5.9175-5.9190 | 2.85-2.35ore pm | 5.28 | 7.00-6.50 pm | 4.57 |
| France | 5.6450-5.7125 | 5.6800-5.6850 | 2½-3½c dis | −6.37 | 6-7½ dis | −4.77 |
| Sweden | 5.0190-5.0340 | 5.0275-5.0285 | 1.10-0.90ore pm | 2.39 | 3.10-2.90 pm | 2.39 |
| Japan | 222.25-223.25 | 222.70-222.80 | 1.95-1.80y pm | 10.10 | 5.50-5.35 pm | 9.74 |
| Austria | 16.70-16.77 | 16.73-16.74 | 8¼-5½gro pm | 5.38 | 23½-20 pm | 5.20 |
| Switz. | 2.0180-2.0420 | 2.0385-2.0395 | 1.40-1.30c pm | 7.94 | 3.80-3.70 pm | 7.35 |

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

## CURRENCY MOVEMENTS

| June 24 | Bank of England Index | Morgan Guaranty Changes% |
|---|---|---|
| Sterling | 95.6 | −29.2 |
| U.S. dollar | 107.9 | +1.7 |
| Canadian dollar | 87.7 | −17.2 |
| Austrian schilling | 111.6 | +21.3 |
| Belgian franc | 105.5 | +9.2 |
| Danish kroner | 86.2 | −11.6 |
| Deutsche mark | 116.8 | +38.2 |
| Swiss franc | 137.9 | +83.3 |
| Guilder | 108.6 | +14.4 |
| French franc | 82.6 | −12.4 |
| Lira | 57.5 | −55.7 |
| Yen | 143.8 | +37.9 |

Based on trade weighted changes from Washington agreement December, 1971. Bank of England Index (base average 1975=100).

## CURRENCY RATES

| June 23 | Bank rate % | Special Drawing Rights | European Currency Unit |
|---|---|---|---|
| Sterling | 12 | Unavail. | 0.538159 |
| U.S. $ | 14 | " | 1.07259 |
| Canadian $ | 19.07 | " | 1.28755 |
| Austria Sch. | 6¾ | " | 17.8954 |
| Belgian F. | 13 | " | 41.4018 |
| Danish K. | 11 | " | 7.94679 |
| D mark | 7½ | " | 2.53023 |
| Guilder | 9 | " | 2.81395 |
| French Fr. | 9½ | " | 6.05816 |
| Lira | 19 | " | 1260.29 |
| Yen | 6¼ | " | 258.114 |
| Norwgn. Kr. | 9 | " | 6.34649 |
| Spanish Pta. | 8 | " | 100.769 |
| Swedish Kr. | 12 | " | 5.37741 |
| Swiss Fr. | 5 | " | 2.18754 |
| Greek Drch. | 20½ | " | 61.6952 |

## OTHER CURRENCIES

| June 24 | £ | $ | | £ Note Rates |
|---|---|---|---|---|
| Argentina Peso | 8862-8882† | 4451-4471† | Austria | 33.10-33.30 |
| Australia Dollar | 1.7155-1.7195 | 0.8685-0.8690 | Belgium | 78.00-79.00 |
| Brazil Cruzeiro | 177.40-178.40 | 89.23-89.66 | Denmark | 14.70-14.85 |
| Finland Markka | 8.743-8.751 | 4.4060-4.4080 | France | 11.23-11.33 |
| Greek Drachma | 113.702 116.587 | 57.75-57.95 | Germany | 4.68½-4.72¼ |
| Hong Kong Dollar | 10.89½-10.91½ | 5.4960-5.4990 | Italy | 2290-2345 |
| Iran Rial | 158.50* | 79.30* | Japan | 442-448 |
| Kuwait Dinar(KD) | 0.555-0.561 | 0.2806-0.2809 | Netherlands | 5.20-5.23 |
| Luxembourg Fra. | 76.85-76.95 | 38.83-38.85 | Norway | 11.68-11.80 |
| Malaysia Dollar | 4.5825-4.5925 | 2.3115-2.3145 | Portugal | 122-126 |
| New Zealand Dlr | 2.2940-2.2990 | 1.1615-1.1625 | Spain | 178½-189 |
| Saudi Arab. Riyal | 6.75-6.81 | 3.4080-3.4110 | Sweden | 9.90-10.00 |
| Singapore Dollar | 4.2025-4.2125 | 2.1200-2.1250 | Switzerland | 4.01-4.05 |
| Sth African Rand | 1.7205-1.7215 | 0.8690-0.8695 | United States | 1.97½-1.99½ |
| U.A.E. Dirham | 7.27-7.33 | 3.6712-3.6732 | Yugoslavia | 70-81 |

† Rate given for Argentina is the commercial rate. The financial rate for sterling sterling is 10,183-10,203 and for the dollar 5,100-5,150.

## EMS EUROPEAN CURRENCY UNIT RATES

| | ECU central rates | Currency amounts against ECU June 24 | % change from central rate | % change adjusted for divergence | Divergence limit % |
|---|---|---|---|---|---|
| Belgian Franc | 40.7985 | 41.3156 | +1.27 | +1.27 | ±1.5361 |
| Danish Krone | 7.91917 | 7.92639 | +0.09 | +0.09 | ±1.6413 |
| German D-Mark | 2.54502 | 2.52739 | −0.69 | −0.69 | ±1.1386 |
| French Franc | 5.99526 | 6.07354 | +1.31 | +1.31 | ±1.3638 |
| Dutch Guilder | 2.81318 | 2.80895 | −0.15 | −0.15 | ±1.5259 |
| Irish Punt | 0.685145 | 0.691712 | +0.96 | +0.96 | ±1.6688 |
| Italian Lira | 1262.92 | 1260.49 | −0.19 | −0.19 | ±4.1196 |

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

## EXCHANGE CROSS RATES

| June 24 | Pound Sterling | U.S. Dollar | Deutschem'k | Japan'se Yen | French Franc | Swiss Franc | Dutch Guild' | Italian Lira | Canada Dollar | Belgian Franc |
|---|---|---|---|---|---|---|---|---|---|---|
| Pound Sterling | 1. | 1.980 | 4.695 | 441.5 | 11.25 | 4.040 | 5.220 | 2339. | 2.372 | 76.90 |
| U.S. Dollar | 0.505 | 1. | 2.371 | 223.0 | 5.682 | 2.040 | 2.636 | 1181. | 1.198 | 38.84 |
| Deutschemark | 0.213 | 0.422 | 1. | 94.04 | 2.396 | 0.860 | 1.112 | 498.2 | 0.505 | 16.38 |
| Japanese Yen 1,000 | 2.265 | 4.485 | 10.63 | 1000. | 25.48 | 9.151 | 11.82 | 5298. | 5.373 | 174.2 |
| French Franc 10 | 0.889 | 1.760 | 4.173 | 392.4 | 10. | 3.591 | 4.640 | 2079. | 2.108 | 68.36 |
| Swiss Franc | 0.248 | 0.490 | 1.162 | 109.3 | 2.785 | 1. | 1.292 | 579.0 | 0.587 | 19.03 |
| Dutch Guilder | 0.192 | 0.379 | 0.899 | 84.58 | 2.155 | 0.774 | 1. | 448.1 | 0.454 | 14.73 |
| Italian Lira 1,000 | 0.428 | 0.847 | 2.007 | 188.8 | 4.810 | 1.727 | 2.232 | 1000. | 1.014 | 32.88 |
| Canadian Dollar | 0.422 | 0.835 | 1.979 | 186.1 | 4.743 | 1.703 | 2.201 | 986.1 | 1. | 32.42 |
| Belgian Franc 100 | 1.300 | 2.575 | 6.105 | 574.1 | 14.63 | 5.254 | 6.788 | 3042. | 3.085 | 100. |

## FT LONDON INTERBANK FIXING (11.00 a.m. JUNE 24)

| 3 months U.S. dollars | | 6 months U.S. dollars | |
|---|---|---|---|
| bid 17 1/2 | offer 17 5/8 | bid 17 1/16 | offer 17 3/16 |

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

## EURO-CURRENCY INTEREST RATES (Market closing Rates)

| June 24 | Sterling | U.S. Dollar | Canadian Dollar | Dutch Guilder | Swiss Franc | West German Mark | French Franc | Italian Lira | Belgian Franc Convertible | Japanese Yen |
|---|---|---|---|---|---|---|---|---|---|---|
| Short term | 10½-10¾ | 18¼-18½ | 18½-19½ | 11$\frac{1}{16}$-11$\frac{3}{16}$ | 1-1½ | 11⅛-11⅝ | 19-22½ | 30-40 | 10-12 | 6¾-7 |
| 7 days' notice | 11⅛-11⅜ | 18¼-18½ | 18½-19½ | 11⅞-12 | 17½-18⅛ | 11⅝-11¾ | 19-22½ | 28¼-32¼ | 12-14 | 7⅛-7⅜ |
| Month | 11$\frac{11}{16}$-11$\frac{13}{16}$ | 17¼-17½ | 19-19⅜ | 11⅞-12 | 9½-9⅝ | 12$\frac{1}{16}$-12$\frac{3}{16}$ | 22½-24 | 27¾-29¾ | 14½-15½ | 7½-7⅝ |
| Three months | 12⅝-12½ | 17⅜-17⅝ | 18¾-19⅛ | 11$\frac{13}{16}$-11$\frac{15}{16}$ | 9$\frac{15}{16}$-10$\frac{1}{16}$ | 12¼-12⅜ | 21-23 | 27-28¼ | 15½-16 | 7$\frac{9}{16}$-7$\frac{11}{16}$ |
| Six months | 12¾-12⅞ | 16$\frac{15}{16}$-17$\frac{1}{16}$ | 17⅞-18¼ | 11$\frac{11}{16}$-11$\frac{13}{16}$ | 9$\frac{3}{16}$-9$\frac{5}{16}$ | 12¼-12⅜ | 20-21½ | 26-27 | 15⅝-16⅛ | 8-8⅛ |
| One Year | 13¼-13½ | 16-16¼ | 16⅝-17⅛ | 11$\frac{11}{16}$-11$\frac{13}{16}$ | 8⅞-9 | 12$\frac{1}{16}$-12$\frac{3}{16}$ | 19-20½ | 24¾-25¾ | 15¼-15⅝ | 8¼-8⅜ |

SDR linked deposits: one-month 14$\frac{13}{16}$-15$\frac{3}{16}$ per cent; three-months 15$\frac{5}{16}$-15$\frac{7}{16}$ per cent; six-months 14¾-15⅛ per cent; one-year 14$\frac{5}{16}$-14$\frac{9}{16}$ per cent.

ECU linked deposits: one-month 15¼-15⅝ per cent; three-months 15$\frac{9}{16}$-15$\frac{11}{16}$ per cent; six-months 15-15⅜ per cent; one year 14$\frac{13}{16}$-15$\frac{1}{16}$ per cent.

Asian $ (closing rates in Singapore): one-month 17$\frac{3}{16}$-17$\frac{5}{16}$ per cent; three-months 17$\frac{5}{16}$-17$\frac{7}{16}$ per cent; six-months 16$\frac{15}{16}$-17$\frac{1}{16}$ per cent; one-year 16$\frac{7}{16}$-16$\frac{9}{16}$ per cent. Long-term Eurodollar two-years 15⅜-15⅝ per cent; three-years 15¼-15½ per cent; four-years 15⅛-15⅜ per cent; five-years 15-15¼ per cent; nominal closing rates. Short-term rates are call for U.S. dollars, Canadian dollars and Japanese yen; others two-days' notice.

The following nominal rates were quoted for London dollar certificates of deposit: one-month 17.90-18.00 per cent; three-months 17.35-17.45 per cent; six-months 16.75-16.85 per cent; one-year 16.00-16.20 per cent.

INTERNATIONAL MONEY MARKET

# Dutch liquidity move

Dutch short-term interest rates were kept firm yesterday by action of the Nederlandsche Bank designed to maintain the guilder as one of the stronger members of the European Monetary System, and hold the currency steady against the D-mark. A special discount facility is available to the money market for 14 days from today. The authorities announced yesterday that an extra Fl 1.626bn per cent has been allocated at a price of 11⅞ per cent, which is ⅛ per cent higher than the previous special advance. Call money was steady at 11⅞-11⅞ per cent, but period rates were slightly easier, with rates from one-month to 12-month quoted at 11⅞-12 per cent, compared with 11½-12 per cent for one-month and three-month on Tuesday, and 11⅞-12½ per cent for six- and 12-month.

In Frankfurt call money was level with the Bundesbank special Lombard rate of 12 per cent, compared with 11.80-12.00 per cent previously. The special Lombard facility remains open today at an unchanged rate. One-month funds fell to 12.50-12.60 per cent from 12.55-12.70 per cent, with three-month quoted at 12.95-13.00 per cent against 12.85-13.00 per cent; six-month at 12.85-12.95 per cent, against 12.85-13.00 per cent; and 12-month at 12.70-12.80 per cent compared with 12.65-12.80 per cent.

In Paris call money was unchanged at 20 per cent, but period rates were firmer as the French franc fell to the bottom of the EMS following the appointment of four Communists as Ministers in the new Administration.

## UK MONEY MARKET

# Full supply

Bank of England Minimum Lending Rate 12 per cent (from March 10 1981)

A large surplus of funds was evident in the London money market yesterday, but some is likely to be carried forward in the form of above target bank balances, since the authorities absorbed money on only a moderate scale. Discount houses paid up to 10 per cent for secured call loans in the morning, but closing balances were found at 5-9 per cent. In the interbank market overnight loans touched 10½-10¾ per cent, before closing at 3 per cent.

Banks brought forward moderate surplus balances, and there was a large excess of Government disbursements over revenue payments to the Exchequer. These outweighed a small amount of maturing eligible bank bills in official hands. The Bank of England absorbed part of the surplus by selling a moderate number of Treasury bills to the houses and banks.

## MONEY RATES

**NEW YORK**

| | |
|---|---|
| Prime Rate | 20 |
| Fed. Fund | 15¾-16¼ |
| Treasury Bills (13-week) | 14.58 |
| Treasury Bills (26-week) | 14.08 |

**GERMANY**

| | |
|---|---|
| Special Lombard | 12.00 |
| Overnight Rate | 12.00 |
| One month | 12.55 |
| Three months | 12.975 |
| Six months | 12.90 |

**FRANCE**

| | |
|---|---|
| Intervention Rate | 22 |
| Overnight Rate | 20 |
| One month | 19.5 |
| Three months | 18.5 |
| Six months | 17.5 |

**JAPAN**

| | |
|---|---|
| Discount Rate | 6.25 |
| Call (Unconditional) | 7.1875 |
| Bill Discount (three-month) | 7.3125 |

GOLD

# Weaker trend

Gold lost $4 an ounce in the London bullion market yesterday to close at $460-463. It opened at $463-464 and was fixed at $462.25 in the morning and $462.00 during the afternoon and showed little reaction to a weaker trend in U.S. interest rates.

In Paris the 12½ kilo bar was fixed at FFr 93,250 per kilo ($509.29 per ounce) in the afternoon compared with FFr 93,100 ($508.02) in the morning and FFr 93,000 ($510.52) on Tuesday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM 35,350 per kilo ($463.98 per ounce) against DM 35,240 ($466.01) previously and closed at $461-463 against $466-468.

| | June 24 | | June 23 | |
|---|---|---|---|---|
| **Gold Bullion (fine ounce)** | | | | |
| Close | $463-465 | (£231¾-233¼) | $464-467 | (£232-234½) |
| Opening | $463-464 | (£232½-233) | $463½-466½ | (£231-232½) |
| Morning fixing | $462.25 | (£232.265) | $465 | (£233.210) |
| Afternoon fixing | $462 | (£232.587) | $466.50 | (£232.587) |
| **Gold Coins** | | | | |
| Krugerrand | $474-475 | (£239½-240) | $478-479 | (£239-240½) |
| 1/2 Krugerrand | $244½-245½ | (£123½-124) | $246½-247½ | (£123⅝-123⅞) |
| 1/4 Krugerrand | $124½-125½ | (£63-63½) | $125½-126½ | (£62¾-63¼) |
| 1/10 Krugerrand | $51-52 | (£25¾-26¼) | $51½-52½ | (£25¾-26¼) |
| Mapleleaf | $465-468 | (£235-236½) | $469-472 | (£234⅝-236⅛) |
| New Sovereigns | $115¼-116 | (£58¼-58¾) | $116¼-117 | (£58¼-58¾) |
| King Sovereigns | $127-129 | (£64-65) | $127-129 | (£63½-64½) |
| Victoria Sovs | $127-129 | (£64-65) | $127-129 | (£63½-64½) |
| French 20s | $121-126 | (£61-63½) | $122-128 | (£61-64) |
| 50 pesos Mexico | $569-573 | (£287½-289½) | $575-579 | (£287¾-289¾) |
| 100 Cor. Austria | $447-450 | (£225¾-227¼) | $452-456 | (£226⅛-228⅛) |
| $20 Eagles | $585-590 | (£295½-298) | $585-590 | (£292¾-295¼) |

## LONDON MONEY RATES

| June 24 1981 | Sterling Certificate of deposit | Interbank | Local Authority deposits | Local Auth. negotiable bonds | Finance House Deposits | Company Deposits | Discount Market Deposits | Treasury Bills ♦ | Eligible Bank Bills ♦ | Fine Trade Bills ♦ |
|---|---|---|---|---|---|---|---|---|---|---|
| Overnight | — | 3-10¾ | 10¼-10½ | — | — | 9-10½ | 5-10¾ | — | — | — |
| 2 days notice | — | — | 11¼-11½ | — | — | — | — | — | — | — |
| 7 days or | — | — | — | — | — | — | — | — | — | — |
| 7 days notice | — | 11-11⅜ | 11½-11⅝ | — | 11⅝ | 11¼-11½ | 10⅛-11⅛ | — | — | — |
| One month | 11¾-11$\frac{11}{16}$ | 11$\frac{11}{16}$-11⅞ | 11¾ | 12⅞-12⅝ | 12 | 12-12¼ | 11½ | 11$\frac{9}{16}$-11½ | 11$\frac{9}{16}$-11$\frac{13}{16}$ | 12½ |
| Two months | 12$\frac{3}{16}$-12$\frac{1}{16}$ | 12⅛-12⅜ | — | 13-12⅝ | 12$\frac{3}{16}$ | 12½ | 11¾-10⅞ | 11$\frac{13}{16}$-12 | 11$\frac{13}{16}$-11$\frac{15}{16}$ | 12$\frac{7}{16}$ |
| Three months | 12$\frac{7}{16}$-12$\frac{5}{16}$ | 12⅝-12$\frac{3}{16}$ | 12⅝-12$\frac{7}{16}$ | 13-12⅝ | 12$\frac{11}{16}$ | 12⅝-12⅞ | 12 | 11$\frac{7}{8}$ | 11$\frac{13}{16}$-11$\frac{15}{16}$ | 12¼ |
| Six months | 12⅝-12$\frac{9}{16}$ | 12$\frac{11}{16}$-12⅞ | 12⅝-12¾ | 12¾-12½ | 13 | 13⅛ | — | — | 11$\frac{13}{16}$-11$\frac{15}{16}$ | 12⅝ |
| Nine months | 12⅞-12¾ | 12⅞-13⅛ | — | 13⅝-13⅛ | 13⅛ | 13¼ | — | — | — | — |
| One year | 13-12⅞ | 13-13¼ | 13-13⅜ | 13⅝-13⅛ | 13⅛ | 13⅜ | — | — | — | — |
| Two years | — | — | 13½-13⅝ | — | — | — | — | — | — | — |

Local authorities and finance houses seven days' notice, others seven days' fixed. Long-term local authority mortgage rates nominally three years 13¾-13⅞ per cent; four-years 14-14⅛ per cent; five-years 14-14⅛ per cent. ♦Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 11$\frac{13}{16}$-12 per cent; four-months trade bills 12⅝ per cent.

Approximate selling rate for one-month Treasury bills 11$\frac{7}{16}$-11⅜ per cent; two-months 11$\frac{13}{32}$-11⅞ per cent; three-months 11$\frac{19}{32}$ per cent. Approximate selling rate for one-month bank bills 11¾-11$\frac{25}{32}$ per cent; two-months 11$\frac{29}{32}$-11$\frac{23}{32}$ per cent; three-months 11$\frac{11}{16}$-11$\frac{27}{32}$ per cent; one-month trade bills 11⅞ per cent; two-months 12$\frac{5}{16}$ per cent and three-months 12¼ per cent.

Finance House Base Rates (published by the Finance Houses Association) 12½ per cent from June 1, 1981. Clearing Bank Deposit Rates for sums at seven days' notice 9 per cent. Clearing Bank Rates for lending 12 per cent. Treasury Bills: Average tender rates of discount 11.9852 per cent.

# INTERNATIONAL COMPANIES and FINANCE

## Fixed rate Eurodollar issues weaken

By Peter Montagnon, Euromarkets Correspondent

FIXED RATE Eurodollar bonds gave up about ¼ point on average yesterday, although dealers said that the basic undertone of the market remained steady.

Eurodeposit rates continued to edge lower on balance, but dealers said the bond market was still having difficulty reading the short term outlook for U.S. interest rates and remained without direction for the time being.

The three new issues announced this week are all being reasonably well received as apparently is the $500m issue for the World Bank which was quoted yesterday at 97¼ by lead managers Deutsche Bank. This puts it just within the 1¼ point selling group concession on the issue price of 98¼.

A similar situation prevails on the D-Mark market where prices were unchanged to slightly lower. Some selling was provoked by the slightly weaker tone of the currency against the U.S. dollar as well as by the rather lacklustre performance of the U.S. bond market.

Prices in Switzerland by contrast managed to put on a gain of ¼ points on average, due partly to the easier tone of Swiss franc Eurodeposit rates.

The new Nederlandse Gasunie 7¼ per cent issue traded for the first time at over 102 compared with its par issue price. The issue was well received because the borrower is such a rare name on the Swiss market, but its success has given rise to speculation that the forthcoming SwFr 100m bond for the City of Kobe may be priced with a coupon as low as 7 per cent.

## GAF's reprographic unit sold for $80m

BY OUR FINANCIAL STAFF

GAF CORPORATION of the U.S. has taken a further step in its restructuring programme with the announcement of agreement to sell its reprographic business for $80m.

The business, which includes its worldwide sales, service and distribution facilities as well as its manufacturing plants, is to be bought by Aarque Office Systems Company, an affiliate of the privately-owned Aarque Companies.

Aarque Companies had combined sales of $300m last year. The group has operations in the U.S., Canada and the UK and is mainly engaged in metal fabrication, office systems, steel processing and industrial instrumentation. Aaque Office Systems makes reproduction equipment and sensitised materials

The sale price, which may vary depending on net assets at the closing of the deal, will include $75m in cash and $5m in notes.

GAF announced its restructuring programme last December and the latest sale will represent the fifth and largest of the eight planned divestitures.

The eight businesses accounted for $553m of its sales in 1980, representing 45 per cent of the total, but only broke even. They also accounted for $392m of the $698m of total assets in the group and GAF set up a $244m provision for losses on their disposal.

Swedish Match last month said it was negotiating to buy GAF's flooring division, which had annual world sales of $150m. Only the paper and millboard, automotive mastics and radio interests now remain to be sold. GAF has already disposed of its graphic arts, vinyl siding and pictorial products businesses for a total of $75m.

The disposals, designed to improve its return on investment and reduce debt, will leave GAF with interests in speciality chemicals and building materials, mainly roofing and insulation products. Based on these activities GAF's net profit last year came out at $10.3m on sales of almost $700m.

## MassMutual Mortgage seeks bond exchange

BY OUR EUROMARKETS CORRESPONDENT

MASSMUTUAL Mortgage and Realty Investors is seeking to exchange at par its current $21m 6¾ per cent convertible Eurobond due in 1987 for 8 per cent convertible bonds due in 1994.

As well as increasing the coupon, MassMutual, which is the tenth largest real estate investment trust (REIT) in the U.S., is also reducing the share conversion price to $20 from the existing $32.25.

According to Mr Edward Kulick, MassMutual's president, the purpose of the operation is not only to extend the maturity of MassMutual's debt, but also to encourage bond holders to take up their conversion rights, thereby strengthening the capital base of the company.

This would pave the way for a diversification of MassMutual's business away from long-term mortgages and into equity participation in real estate. It is currently planning to take up a $55m equity stake in real estate projects developed jointly with U.S. construction concerns.

*MassMutual has already* undertaken a similar exchange of convertible debentures in the domestic U.S. market. The present exchange in the Euromarket is being handled by Merrill Lynch International Bank.

## Spanish banks drop bid for Lopez

By Robert Graham in Madrid

EFFORTS BY the big seven private commercial banks in Spain to form a consortium to block Banque Nationale de France from purchasing Banco Lopez Quesada, have collapsed.

This leaves the way open for BNP to acquire this medium-sized commercial bank, providing the Government does not step in and purchase the bank for the state.

The collapse of the attempt by the big seven to agree on a united stand, and make an improved offer for the bank failed largely because there were irreconcilable differences among them.

Their battle to stop further foreign penetration of the Spanish banking sector was led by the two biggest banks, Banesto and Central. However, Hispano-Americano and Vizcaya, two other members of the Spanish consortium, become totally committed to the deal.

The consortium bid for Lopez was understood to be inferior to BNP's believed to be well over Pta 5bn ($55m).

The decision on whether to sell the bank to BNP rests with the Government. However, *the bank of Spain has insisted* throughout the affair that all bids should be treated strictly on their technical merits.

## Aid stimulates Canadian textile investment

By Robert Gibbens in Montreal

CANADIAN TEXTILE and clothing companies expect to invest C$400 to C$500m (U.S.$415m) per year over the next eight or nine years, following the Federal Government's new textile policy for the 1980s.

**Celonese Canada**, one of the largest man-made fibre producers, is starting immediately on a C$24m modernisation and expansion programme in Ontario, Quebec and Alberta. Other major companies, such as **Dominion Textiles**, the largest primary producers in Canada with major international interests. **Consoltex, Dupont Canada, Wabasso**, and others, are expected to follow with major programmes.

The clothing industry, faced with the challenge of new technology, says it will modernise and merge into larger and more efficient units.

The Government, as part of its textile policy, is setting up a new one-stop agency with an advisory board of senior business leaders to bring together existing and new Federal aid programmes to the textile and clothing sectors. The agency will have C$250m of funds reallocated from the Department of Regional Economic Expansion to be allocated over the next five years.

The Government is also starting to re-negotiate quota agreements with low-wage exporting countries, and hopefully the term of such agreements will be extended from three years at present to at least five years.

Imports of all types of textiles last year accounted for 54 per cent of the Canadian market on a fibre weight basis, according to industry figures.

The Federal financial aid to the industry and to communities hit by further rationalisation is regarded as seed money for a new way of investment in new equipment by the larger firms in the industry. Primary textiles went through a heavy wave of rationalisation in the 1970s and will now concentrate capital spending on modernisation and high technology equipment in spinning, weaving and finishing.

The industry says that Canada, with the promise of favourable energy-prices through the 1980s, has a comparative advantage in most man-made fibres. Canadian firms have ben exporting successfully to the U.S. and Europe and can step up sales more, to increase productivity in their own plants.

## Petro-Canada to use three rigs off Labrador

By Our Montreal Correspondent

THREE DRILLING vessels will be working off the Labrador Shelf this season for an exploration group led by Petro-Canada the state-owned oil company.

The group includes Agip Canada, Amerada Minerals Canada, Suncor, Aquitaine Canada, Gulf Canada Resources and Total Petroleum.

The group has contracted three drill ships, the Ben Ocean Lancer, the Pelerin and Pacnorse I. One new wildcat well will be started this season at least, and two earlier wells will be completed. The Labrador Shelf season usually runs from late June till the end of October.

The Ben Ocean Lancer has already begun preparations to test the Total Eastcam Bjarni O-32 well, 160 kilometres east of Hopedale. When testing is completed it will move 13 kilometres north to complete North Bjarni F-06 well to nearly 3,000 metres.

DIVERSIFICATION OF FINANCIAL SECTOR SOUGHT

## Bahamas woos captive insurers

BY NIKKI KELLY IN NASSAU

THE BAHAMAS Government is trying to win back a large slice of the $6bn "captive insurance" business located in Bermuda and the Cayman Islands.

Captives, the name given self-insurance companies formed by large industrial corporations, were first established in the Bahamas in the early 1960s. They left when the present Progressive Liberal Party Government imposed legislative controls on them.

The 1969 Insurance Act was meant to weed out hundreds of fradulent "suitcase" companies, not to place onerous restrictions on legitimate companies, Mr Arthur Hanna, Minister of Finance said.

But most of the 200 captives which fled to Bermuda continue to remain suspicious of the Government's intentions. Tight restrictions on work permits, a land policy that puts non-Bahamians at a distinct disadvantage and the fear of income tax aroused by a 1 per cent tax on domestic insurance premiums have added to their misgivings.

Mr Hanna admits that much of the problem has been the Administration's unfamiliarity with captives.

Domestic insurers tried for years to promote the captive concept but met with an indifferent response from the authorities. Beyond amending the insurance regulations three years ago to exempt captives from publication of their financial statements and from the 1 per cent gross premium tax, the Government made little effort to encourage these companies.

### Rising competition

Concern over the impact of rising competition on the country's offshore banking industry has spurred the offensive now. "We are prepared to offer whatever assistance and encouragement are necessary to promote the establishment of captive insurance companies," Mr Hanna said.

Slower growth of the offshore banking sector follows several years of rapid expansion. Besides the challenge from other Caribbean centres, the biggest threat appears to be from the Federal Reserve Board's decision to allow U.S. banks to maintain special international banking facilities (IBFs) on U.S. territory.

Banking has become the Bahamas' most important industry after tourism, accounting for 13 per cent of national income and providing direct employment for 7 per cent of the labour force.

It is recognised that the financial sector will have to diversify to sustain growth. Mr William Allen, Governor of the Central Bank, has strongly supported development of a captive insurance industry.

The invitation to British and American brokers to meet Government officials was part of the fence-mending process.

The consensus was that the Bahamas would make no headway without legal assurances against income tax, guarantees to companies of five-year work permits for expatriate staff and new insurance legislation recognising captives.

The Government seems ready to agree. The Prime Minister has repeated his Government's commitment to maintaining the country's tax haven status. Given the benefits to the domestic economy, "there is no doubt that we made the right decision," he said.

### Economic benefits

Captives can expect to see the Government's support of the industry reflected in its immigration policies, Mr Hanna noted. Further amendments to the Insurance Act, are being examined.

The present law may prove to be the least of the problems. Thanks to a system of waivers and exemptions, the Finance Minister can exempt offshore insurance companies from any or all provisions of the Act without the need for legislation.

## Pressure on Federal Paper profit

BY OUR FINANCIAL STAFF

THE SECOND quarter of this year brought some signs of recovery at Federal Paper Board but at the halfway stage the Montvale-based paperboard and pulp company is showing the expected effects of tighter profit margins. Sales for the first first six months climbed from $219.9m to $233m but earnings dipped from $15m to $14.5m or $1.76 a share.

Earnings edged ahead in the second quarter to $9.2m compared with $8m last time. Sales at $119m improved from $109.9m a year around.

Wall Street analysts warned at the beginning of this fiscal year that Federal Paper was unlikely to match the 1980 earnings of $3.95 a share because higher fuel costs and interest charges were likely to bite into the expected increase in sales.

The bulk of group earnings (77 per cent in 1980) come from forest products such as paperboard, woodpulp and wood products.

So far this year the sales rise is far below the 14 per cent achieved in 1980. However, the directors have already said that they intend to go ahead with a $190m expansion of the group's Riegelwood mill which by 1982 will be producing about 2,000 tons a day of bleached board and market pulp.

Last year's earnings were a record for the company, whose profits have moved somewhat erratically over the past decade. Dividends of 27½ cents a share quarterly are expected to be maintained this year.

## Gould to purchase 5% of its shares

BY OUR FINANCIAL STAFF

GOULD, THE U.S. electrical and electronic products group, is to purchase up to 1.9m—about 5 per cent—of its shares and will use almost this total to acquire a California digital imaging concern.

The company said the shares would be bought over the next 12 months either on the open market or through negotiated private purchases and that the 850,000 shares to be exchanged for Deanza Systems of San Diego had a market value of almost $25m. Gould shares closed at $29¼ on Tuesday.

Gould said Deanza made a broad line of digital imaging systems used in computerised display, production, enhancement and refinement of images. Deanza's estimated sales for the current year are put at $9.9m.

Gould said the price to be paid for Deanza would be adjusted subject to the closing price of Gould stock

The remaining shares Gould will acquire will cover expected conversions of preferred stock and the exercise of employee stock options.

## Gen. Portland to discuss CCL offer

By Our Financial Staff

THE BOARD of General Portland, the third largest U.S. cement producer, is to meet on Tuesday to consider the $315m bid from Canada Cement Lafarge (CCL) the leading Canadian cement producer.

CCL made it unsolicited bid on Tuesday, offering $45 a share against General Portland's Monday closing quote of $33⅜. This price was only slightly below the best for the past year, reflecting in part the widespread belief that General Portland was a target.

The bulk of the Dallas-based group's roughly 6m tons a year cement capacity is located in the growing sunbelt markets with 67 per cent of its business concentrated in Texas, California and Florida. All its plants are coal fired.

CCL has a 750,000 tons a year cement plant in Alabama and has distribution and storage facilities in the faster growing southern states as well as in the north east and in North Dakota. When announcing its bid it said General Portland was compatible with its goal in the U.S.

## FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices which will be published next on Monday July 13.

Closing prices on June 24

| U.S. DOLLAR STRAIGHTS | Issued | Bid | Offer | Change on day | Change on week | Yield |
|---|---|---|---|---|---|---|
| Am. Air. 15¼ 86 (WW) | 55 | 99⅞ | 100⅜ | −0⅛ | −0⅞ | 15.15 |
| Amoco 13¾ 88 | 75 | 94¾ | 95¼ | −0⅛ | −0⅞ | 14.43 |
| CIBC 14½ 84 | 185 | 98⅝ | 98⅞ | +0⅛ | −0⅛ | 16.18 |
| CIBC 15½ 86 | 75 | 100⅛ | 100⅝ | −0⅛ | −0⅞ | 15.13 |
| CNA 15¾ 96 | 75 | 98⅛ | 98⅝ | 0 | −0⅛ | 15.53 |
| CNE 12¾ 91 | 100 | 88½ | 89 | 0 | −1 | 14.99 |
| Citicorp O/S 12 87 | 200 | 90⅛ | 90⅝ | −0⅛ | −1⅛ | 14.38 |
| Citicorp O/S 15½ 84 | 175 | 100⅛ | 100⅝ | 0 | −0½ | 15.32 |
| Con. Illinois O/S 9¾ 86 | 150 | 83⅛ | 83⅝ | −0⅛ | −0⅛ | 14.61 |
| Dupont Canada 13½ 91 | 65 | 95⅛ | 95⅝ | −0⅛ | −1⅛ | 14.37 |
| EIB 12½ 89 | 75 | 88⅝ | 89⅛ | 0 | −0⅞ | 16.22 |
| Eldorado 13¾ 86 | 50 | 94⅞ | 95⅛ | −0⅛ | −0⅛ | 14.74 |
| Elec. de France 13 88 | 125 | 92½ | 93 | 0 | −0⅛ | 14.74 |
| Export Dv. Cpn. 9½ 88 | 150 | 82⅜ | 82⅞ | −0⅛ | −0⅛ | 14.98 |
| Fed. Bs. D. 12¾ 85 (N) | 50 | 92 | 92½ | −0⅛ | −0½ | 14.70 |
| Fed. Bs. D. 15¾ 84 (J) | 40 | 100⅞ | 101⅜ | +0⅛ | −0½ | 15.24 |
| Fin. Exp. Credit 10½ 85 | 50 | 85⅛ | 85⅝ | +0⅛ | +0⅛ | 15.82 |
| Finland Rep. of 9½ 86 | 100 | 80⅛ | 80⅝ | +0½ | 0 | 15.56 |
| Ford Cr. O/S Fin. 16 84 | 150 | 101⅛ | 101⅝ | −0⅛ | −1⅛ | 15.20 |
| Gaz de France 13½ 88 | 80 | 95½ | 96 | −0⅛ | −0⅛ | 14.77 |
| GMAC O/S Fin. 12 87 | 100 | 88 | 88½ | −0⅛ | −0⅛ | 14.97 |
| GMAC O/S Fin. 12⅞ 88 | 100 | 91⅛ | 91⅝ | 0 | −0½ | 14.93 |
| Gen. Mtrs. O/S 11⅜ 87 | 100 | 88⅛ | 88⅝ | −0⅛ | −0½ | 14.65 |
| Genstar 14¾ 91 | 50 | 98 | 98½ | −0⅛ | −0⅛ | 15.07 |
| GTE Fin. 13½ 88 (WW) | 50 | 96 | 96½ | 0 | −0⅛ | 14.83 |
| Hiram Walker 16 86 | 50 | 102⅛ | 102⅝ | −0⅛ | −0½ | 15.26 |
| IBM Wld. Trade 12½ 88 | 200 | 95⅛ | 95⅞ | −0⅛ | −0⅞ | 13.50 |
| IBM Wld. Trade 14¾ 84 | 100 | 100⅜ | 100⅞ | −0⅛ | 0 | 14.47 |
| Nat. Bk. Canada 15¾ 84 | 40 | 98⅞ | 99⅜ | 0 | 0 | 15.74 |
| Newfoundland 13½ 90 | 80 | 94½ | 94⅞ | 0 | −0⅛ | 14.64 |
| OKB 10 85 | 50 | 85½ | 86 | −0⅛ | −0⅛ | 14.92 |
| Ontario Hydro 13½ 91 | 100 | 94⅞ | 95⅛ | −0⅛ | −0⅛ | 14.45 |
| Queb. Hy. [illegible] 91 (WW) | 400 | 96⅜ | 96⅞ | 0 | +0⅛ | 15.07 |
| Royal Bk. Canada 14 86 | 100 | 98⅛ | 98⅝ | −0⅛ | −0⅛ | 14.45 |
| SNCF 13 91 | 75 | 91⅛ | 91⅝ | 0 | −1 | 14.69 |
| Sth. California Ed. 14 87 | 50 | 97⅛ | 97⅞ | 0 | −0½ | 14.59 |
| Sven Handlsbk. 13¾ 88 | 45 | 93 | 93½ | −0½ | −1½ | 15.38 |
| Swed. Ex. Credit 13 86 | 75 | 91⅛ | 91⅞ | −0⅛ | −0⅞ | 15.63 |
| Swed. Ex. Cred. 15¾ 88 | 50 | 100½ | 101 | +0⅛ | −0⅛ | 15.50 |
| Tordom Corpn. 15½ 86 | 25 | †100⅛ | 101⅛ | +0⅛ | −0⅛ | 15.19 |
| Toronto-Dom. Bk. 14 84 | 50 | 97⅛ | 97⅝ | 0 | −0⅛ | 15.15 |
| Tribune O/S Fin. 14 86 | 50 | 95⅞ | 96⅜ | −0⅛ | −1⅛ | 15.15 |
| Wells Fargo Int. 15½ 84 | 90 | 100⅝ | 101⅛ | −0⅛ | 0 | 15.10 |
| World Bank 9¾ 85 | 200 | 85 | 85½ | 0 | −0½ | 14.93 |
| World Bank 1[illegible] 87 | 300 | 82⅛ | 82⅝ | −0⅛ | −2 | 14.87 |

Average price changes... On day −0⅛ on week −0⅛

| DEUTSCHE MARK STRAIGHTS | Issued | Bid | Offer | Change on day | Change on week | Yield |
|---|---|---|---|---|---|---|
| Asian Dev. Bank 10 91 | 100 | 99⅛ | 100 | +0⅛ | +0⅞ | 10.05 |
| Austria, Rep. of 8¾ 92 | 150 | 87½ | 88⅛ | −0⅛ | +1⅛ | 10.09 |
| CECA 7¾ 92 | 150 | †86 | 86½ | 0 | +0⅛ | 9.96 |
| CECA 10 91 | 120 | †100⅞ | 101½ | +0⅛ | −0⅛ | 9.80 |
| CII-Honeywell 8¾ 90 | 125 | †88 | 88⅝ | +0⅛ | −0⅞ | 10.40 |
| Council of Europe 10 91 | 100 | 99⅛ | 100 | 0 | +0⅛ | 10.05 |
| EIB 8¾ 90 | 200 | 88⅛ | 89½ | −0⅛ | +0⅛ | 10.36 |
| EIB 10½ 91 | 200 | †100⅛ | 101 | −0⅛ | −0⅛ | 10.38 |
| ESCOM 9¾ 87 | 100 | 91⅛ | 91⅞ | 0 | 0 | 11.16 |
| Finland, Rep. of 10 89 | 100 | 97⅞ | 98⅜ | −0⅛ | +0½ | 10.37 |
| Iberduero SA 9 90 | 100 | †89⅛ | 90 | −0⅛ | +0⅛ | 10.84 |
| Ind. Bk. Finland 8¾ 90 | 50 | †88⅛ | 89½ | −0⅛ | +0⅛ | 10.35 |
| Int.-Am. Dv. Bk. 10 91 | 100 | †100 | 100⅝ | 0 | 0 | 9.92 |
| Japan Air Lines 8⅝ 87 | 100 | 91⅞ | 92⅜ | +0⅛ | +0⅛ | 9.79 |
| Japan Dev. Bk. 7¾ 87 | 100 | 89 | 89⅛ | −0⅛ | +0⅞ | 10.24 |
| Kobe, City of 8 90 | 100 | 87⅛ | 87⅞ | −0⅛ | −0⅛ | 10.18 |
| Midland Int. Fin. 8½ 90 | 180 | 89⅛ | 90⅛ | 0 | +0½ | 10.24 |
| *Nuclebras 9¾ 88* | 100 | †87 | 87⅜ | +0⅛ | +1⅛ | 12.48 |
| OKB 8¾ 92 | 150 | †86½ | 87⅛ | +0⅛ | +1 | 10.30 |
| Oslo, City of 8¾ 90 | 80 | 91⅛ | 92½ | +0⅛ | +1 | 10.14 |
| Venezuela, R. of 9¾ 90 | 150 | 94 | 94⅛ | −0⅛ | −0½ | 10.71 |
| World Bank 8 90 | 700 | 86⅛ | 87⅛ | 0 | −0⅛ | 10.31 |
| World Bank 10 88 | 150 | 100½ | 101⅛ | −0⅛ | +0⅛ | 9.75 |

Average price changes.. On day 0 on week +0⅛

| SWISS FRANC STRAIGHTS | Issued | Bid | Offer | Change on day | Change on week | Yield |
|---|---|---|---|---|---|---|
| Aeroport Paris 6½ 91 | 60 | 95 | 96 | +0⅛ | −1 | 7.15 |
| BFCE 6½ 91 | 100 | 95⅛ | 95⅝ | −0⅛ | +0½ | 7.15 |
| Bayer Int. Fin. 5¾ 92 | 100 | 90⅝ | 91 | +0½ | +0⅛ | 6.41 |
| Bergen, City of 6¾ 91 | 40 | 99½ | 99⅞ | −0⅛ | 0 | 6.80 |
| Rhmn.-Tatterode 7 90 | 40 | 99⅛ | 99½ | 0 | +0½ | 7.09 |
| CECA 6¾ 91 | 80 | 96 | 96⅝ | +0⅛ | +0⅛ | 7.31 |
| Denmark 5¾ 90 | 80 | †88½ | 89 | −0⅛ | +1⅛ | 7.61 |
| Dome Petroleum 5¾ 91 | 100 | 94⅝ | 94⅞ | 0 | +0⅛ | 6.49 |
| Elec. de France 5¾ 90 | 100 | †90 | 92 | +0½ | +1⅛ | 6.67 |
| Eurofima 5¾ 92 | 80 | †98½ | 99½ | 0 | 0 | 5.87 |
| F. G. H. Hypo. Bk 6 90 | 50 | 94 | 94⅛ | 0 | −0⅛ | 6.90 |
| Finland, Rep. of 5¾ 90 | 80 | 88½ | 89⅛ | −0⅛ | 0 | 7.37 |
| Franc. Petroles 6½ 91 | 80 | 97⅛ | 97⅝ | +1 | +0⅛ | 6.89 |
| Genstar 7 91 | 100 | 101⅛ | 102 | −0½ | −0⅛ | 6.73 |
| Int.-Amer. Dv. Bk. 7 91 | 100 | 99 | 99⅛ | +0⅛ | +0⅞ | 7.12 |
| Japan Dev. Bank 5¾ 90 | 100 | 93½ | 93⅞ | +0⅛ | −1⅛ | 6.75 |
| Mt. Blanc Tunnel 5½ 90 | 60 | 89⅛ | 90 | −0⅛ | −1⅛ | 7.03 |
| Newag 5¾ 90 | 80 | 92 | 92⅛ | +0⅛ | +0½ | 6.95 |
| OKB 7 93 | 100 | 99⅝ | 99⅞ | +0½ | −0⅛ | 7.03 |
| Oslo, City of 5⅞ 90 | 80 | 91⅜ | 92⅛ | +0⅛ | −0⅛ | 7.07 |
| Philips Lamps 5¾ 92 | 100 | 88⅛ | 88½ | −0⅛ | −1⅛ | 6.77 |
| Swed. Ex. Cred. 7¾ 91 | 75 | 97½ | 97⅞ | +0⅛ | +0⅛ | 7.60 |
| Trade Dev. Fin. 6⅛ 90 | 50 | †92 | 92½ | +0⅛ | +0⅛ | 7.30 |
| Voest-Alpine 5¾ 90 | 80 | 90½ | 91 | +0⅛ | +0⅛ | 7.14 |
| World Bank 6 91 | 100 | 94⅛ | [illegible] | +0⅛ | +0½ | 6.83 |
| World Bank 7 90 | 100 | 101⅛ | 101⅝ | 0 | −0⅞ | 6.76 |

Average prices changes... On day +0⅛ on week 0

| YEN STRAIGHTS | Issued | Bid | Offer | Change on day | Change on week | Yield |
|---|---|---|---|---|---|---|
| Asian Dev. Bk. 8¾ 91 | 15 | 97⅛ | 98⅛ | −0⅛ | −0⅛ | 8.53 |
| Australia 6½ 88 | 20 | 85⅛ | 86⅛ | −0⅛ | −0⅛ | 9.31 |
| EIB 7¾ 89 | 12 | 91⅞ | 92⅞ | −0⅛ | 0 | 9.10 |
| Finland 5.6 83 | 10 | 91 | 92 | +1⅛ | +0⅛ | 9.73 |
| Finland 6.8 88 | 10 | 85½ | 86½ | 0 | −0⅛ | 9.67 |
| Finland, Rep. of 8¾ 87 | 15 | 97⅝ | 98⅝ | +0⅛ | −0⅛ | 8.79 |

Average price changes. On day 0 on week −0⅛

| OTHER STRAIGHTS | Issued | Bid | Offer | Change on day | Change on week | Yield |
|---|---|---|---|---|---|---|
| Bell Canada 10¾ 86 C$ | 60 | 87 | 88 | 0 | −0½ | 14.24 |
| CIBC 13½ 85 C$ | 50 | 94 | 95 | −0⅛ | −0⅛ | 15.45 |
| CIBC 11½ 85 C$ | 80 | 86½ | 87½ | −0⅛ | −0⅛ | 16.09 |
| Federal Dev. 11½ 90 C$ | 80 | †80⅛ | 81⅛ | −0½ | −0⅛ | 15.54 |
| Fst. Can. Inv. 10 84 C$ | 50 | †85⅛ | 86⅛ | −0⅛ | −0½ | 16.30 |
| R. Bk. Canada 10 86 C$ | 40 | 88⅛ | 89⅛ | −0⅛ | −0⅞ | 13.29 |
| Tordom Cpn. 13½ 85 C$ | 30 | †94½ | 95½ | 0 | 0 | 15.26 |
| M. Bk. Dnmk. 9 91 EUA | 25 | 85⅞ | 88½ | −0½ | −0⅛ | 11.06 |
| SOFTE 8¾ 89 EUA | 40 | 87⅛ | 88½ | −0⅛ | 0 | 10.60 |
| U. Bk. Nwy. 9¼ 90 EUA | 18 | 95⅛ | 96⅛ | −0⅛ | −0⅛ | 10.24 |
| Algemene Bk. 10¾ 86 Fl | 60 | 94⅛ | 95⅛ | +0⅛ | −3⅛ | 11.62 |
| Amro Bank 12 86 Fl | 75 | 99⅞ | 100⅛ | 0 | −0⅛ | 11.96 |
| Bk. Mees & H. 10 85 Fl | 75 | [illegible] | [illegible] | 0 | [illegible] | [illegible] |
| Heineken NV 10 87 Fl | 100 | 93 | [illegible] | [illegible] | [illegible] | [illegible] |
| Nat. Nedrlndn. 10 88 Fl | 60 | 94½ | [illegible] | +0⅛ | [illegible] | [illegible] |
| Ned. Midd. Bk. 10 85 Fl | 75 | 93⅛ | [illegible] | −0⅛ | [illegible] | [illegible] |
| Pierson 10¾ 86 Fl | 50 | 94 | 94⅞ | 0 | −0⅛ | [illegible] |
| Air France 14¾ 86 FFr | 200 | 91⅛ | 92⅛ | +0⅛ | −0⅛ | 17.01 |
| Bk. America 14¾ 85 FFr | 250 | 89⅛ | 90⅛ | −0⅛ | −0⅛ | [illegible] |
| Charb'nages 13¾ 85 FFr | 400 | 88½ | 89½ | −0⅛ | −2⅛ | [illegible] |
| EIB 14¾ 88 FFr | 300 | 87⅛ | 88⅛ | −0⅛ | +0⅞ | [illegible] |
| La Redoute 14¾ 85 FFr | 125 | 86⅛ | 87½ | +0⅛ | −1⅛ | [illegible] |
| OKB 14 88 FFr | 400 | 91⅛ | 92⅛ | 0 | −0⅛ | [illegible] |
| *Solvay et C. 14¾ 86 FFr* | 200 | 94⅛ | 95⅛ | −1⅛ | −4⅛ | [illegible] |
| Swed. E. Cr. 14¾ 86 FFr | 250 | 87⅛ | 88⅛ | −1⅛ | −2⅛ | 18.42 |
| U. Mex. Sts. 14 85 FFr | 150 | 89 | 90 | −0⅛ | −0⅛ | [illegible] |
| Acona 14 85 £ | 20 | 93⅛ | 94½ | 0 | −0⅛ | 15.90 |
| Beneficial 14¾ 90 £ | 20 | 88 | 88⅛ | 0 | 0 | [illegible] |
| BNP 13¾ 91 £ | 15 | 90 | 90⅛ | 0 | −0⅛ | 15.44 |
| CECA 13¾ 88 £ | 20 | 91⅛ | 92⅛ | −0⅛ | −0⅛ | [illegible] |
| Citicorp O/S 13½ 90 £ | 50 | 93⅛ | 94⅛ | 0 | −0⅛ | 14.67 |
| Fin. Ex. Cred. 13¾ 86 £ | 15 | 93 | 93⅛ | 0 | −0⅛ | 15.77 |
| Gen. Elec. Co. 12¾ 88 £ | 50 | 88⅛ | 89⅛ | 0 | −0⅛ | 14.96 |
| Hiram Walker 14¾ 86 £ | 25 | 95⅛ | 96⅛ | −0⅛ | −0⅛ | [illegible] |
| Privatbanken 14½ 88 £ | 12 | 92⅛ | 93⅛ | +0⅛ | +0⅛ | 15.28 |
| Rothschild 14¾ 90 £ | 12 | 94 | 94⅛ | −0⅛ | −0⅛ | 15.41 |
| Royal Trustco 14 86 £ | 12 | 96⅛ | 97 | +0⅛ | +0⅛ | 14.99 |
| Swed. Ex. Cr. 13¾ 86 £ | 20 | 94⅛ | 94⅞ | 0 | −0⅛ | 15.41 |
| *Akzo 9¾ 87 LuxFr* | 500 | 89⅛ | 90⅛ | +0⅛ | 0 | 11.56 |
| Euratom 9¾ 88 LuxFr | 500 | 86 | 87 | −0⅛ | −0⅛ | 12.99 |
| Eurofima 10¾ 87 LuxFr | 500 | 90⅛ | 91⅛ | −0⅛ | −0⅛ | 12.55 |
| EIB 9¾ 88 LuxFr | 600 | 89⅛ | 90⅛ | −0⅛ | +0⅛ | 11.97 |
| Volvo 9¾ 87 LuxFr | 500 | 87⅛ | 88⅛ | +0⅛ | +0⅛ | 12.64 |

| FLOATING RATE NOTES | Spread | Bid | Offer | C.dte | C.cpn | C.yld |
|---|---|---|---|---|---|---|
| Bank of Montreal 5¼ 90 | 0¼ | 99⅛ | 99⅝ | 18/12 | 16⅛ | 16.86 |
| Bank of Tokyo 5¾ 89 | †0¼ | 98½ | 99 | 25/7 | 16⅛ | 16.71 |
| BBL Int. 5 86 | 0¼ | 99⅞ | 100⅛ | 20/11 | 18.31 | 18.29 |
| BNP 5½ 88 | ‡0¼ | 99 | 99½ | 29/7 | 16.44 | 16.58 |
| CNT 5¾ 86 | §0¼ | 99⅛ | 99⅜ | 18/10 | 16.81 | 16.90 |
| Christiania Bk. 5½ 91 | §0¼ | 98 | 98½ | 5/8 | 17.31 | 17.62 |
| Citicorp O/S Fin. 84 | ‡0 | 99⅛ | 99⅜ | 30/6 | 18⅞ | 18.99 |
| C. Hen 5¾ 87 | 0¼ | 98⅛ | 98⅝ | 18/9 | 15.44 | 15.59 |
| Co-operative Bk. 6 86 | 0¼ | 99⅛ | 100⅛ | 15/11 | 19.56 | 19.56 |
| Den Norske Credit 6 90 | ‡0¼ | 98⅛ | 98⅝ | 5/8 | 17.31 | 17.51 |
| Genfinance 5¾ 87 | 0¼ | 99⅛ | 99⅝ | 30/10 | 16.94 | 17.04 |
| Genfinance 5¾ 92 | 0¼ | 99⅛ | 99⅝ | 30/6 | 5⅛ | 5.28 |
| Giro and Bank 5¾ 91 | ‡0¼ | 98⅞ | 99⅛ | 23/6 | 14.06 | 14.19 |
| GZB 5¾ 89 | ‡0¼ | 98⅛ | 99⅛ | 1/8 | 17.31 | 17.51 |
| GZB 5¾ 92 | ‡0¼ | 98½ | 99 | 5/9 | 17⅛ | 17.47 |
| Ind. Bank Japan 5¾ 87 | 0¼ | 99⅝ | 100⅛ | 15/10 | 17.06 | 17.08 |
| Ind. Bank Japan 5¾ 88 | 0¼ | 98⅞ | 99⅜ | 9/10 | 16.44 | 16.58 |
| Lloyds Eurofin 8 90 £ | 0¼ | 97⅛ | 97⅝ | 3/7 | 14⅛ | 14.89 |
| Lloyds Eurofin 5¾ 92 | 0¼ | 99 | 99⅛ | 4/12 | 17.44 | 17.57 |
| LTCB Japan 5¾ 88 | 0¼ | 99⅛ | 100⅛ | 13/12 | 17⅛ | 17.75 |
| Man. Hanov. O/S 5¾ 94 | ‡0¼ | 99⅛ | 99⅞ | 30/8 | 19.06 | 19.13 |
| Merrill Lynch O/S 87 | 0¼ | 100⅛ | 100⅝ | 7/8 | 20.44 | 20.24 |
| *Midland Int. Fin. 5¾ 92* | 0¼ | 99⅛ | 99⅝ | 5/12 | 17⅛ | 17.49 |
| Midland Int. Fin. 9 91 | 0¼ | 98⅛ | 98⅝ | 20/10 | 16.81 | 17.07 |
| Nacional Fin. 6¾ 88 | 0¼ | 99⅛ | 99⅝ | 25/7 | 17⅛ | 17.84 |
| Nacional Fin. 5¾ 88 | 0¼ | 96⅞ | 97⅛ | 25/9 | 14⅞ | 15.32 |
| Nat. Bk. Canada 5¾ 88 | 0¼ | 97⅛ | 98⅛ | 24/9 | 14⅛ | 14.78 |
| Nat. West. 5¾ 94 | §0¼ | 98⅛ | 98⅝ | 14/10 | 16.19 | 16.45 |
| Nat. West. 5¾ 92 | §0¼ | 99⅛ | 99⅝ | 23/10 | 16.81 | 17.09 |
| Pemex 6 91 | 0¼ | 97 | 97½ | 8/10 | 15.31 | 15.75 |
| Sparebanken 6 87 | 0¼ | 98⅛ | 98⅝ | 19/12 | 16.81 | 17.05 |
| Standard Chart. 5¾ 90 | 0¼ | 98 | 98½ | 3/9 | 17.06 | 17.19 |
| Svenska Hndlsbk. 5 87 | 0¼ | 99⅛ | 99⅞ | 15/7 | 17.81 | 17.88 |

Average price changes ... On day 0 on week 0

| CONVERTIBLE BONDS | Cnv. date | Cnv. price | Bid | Offer | Chg. day | Prem |
|---|---|---|---|---|---|---|
| *Bow Valley Inv. 8 95* | 4/81 | 22.12 | 99⅛ | 100⅛ | −0⅛ | 12.80 |
| Canon 6¾ 95 | 1/81 | 829 | 188⅛ | 189⅛ | −2⅛ | −2.67 |
| Credit Suisse 4¾ 93 | 10/79 | 1236 | 85 | 87 | 0 | −3.40 |
| Digicon Fin. 8½ 95 | 10/81 | 29.5 | 104⅛ | 106 | −1⅛ | 12.02 |
| Fujitsu 5½ 96 | 7/81 | 732 | 106 | 107 | −0⅛ | 14.16 |
| Hanson O/S Fin. 9½ 96 | 8/81 | 2.74 | 95⅛ | 97 | 0 | 0.83 |
| Ina Overseas 8¾ 2000 | 4/81 | 42 | 109⅛ | 111 | −0⅛ | −0.58 |
| *Inchcape 8 95* | 2/81 | 4.55 | 81 | 87⅛ | 0 | 3.03 |
| Kotobukiya Co. 7 96 | 4/81 | 519 | 195⅛ | 96⅛ | −0⅛ | −2.08 |
| Marion Int. Fin. 9 95 | 12/80 | 15.5 | 78 | 79⅛ | 0 | 20.30 |
| Marui 6 96 | 7/81 | 931 | 101⅛ | 102⅛ | +0⅛ | −0.66 |
| Matsushita El. 7½ 95 | 11/80 | 690 | 97⅛ | 98⅛ | −0⅛ | −1.96 |
| NKK 6½ 96 | 7/81 | 188 | 117⅛ | 118⅛ | −1⅛ | 25.51 |
| Ricoh 6¾ 95 | 8/80 | 604 | 145⅛ | 146⅛ | +0⅛ | −1.06 |
| Sumitomo M. Ind. 7 95 | 2/81 | 181 | 146½ | 147⅛ | −2⅛ | 0.32 |
| Swiss Bk. Cpn. 6½ 90 | 9/80 | 200 | 75⅛ | 77⅛ | +0⅛ | 25.96 |
| Taylor Woodrow 8½ 96 | 1/81 | 4.94 | 91⅛ | 92⅛ | −0⅛ | 1.21 |
| Tokyu Land Cpn. 7¾ 96 | 4/81 | 325 | †99⅛ | 100⅛ | 0 | 8.33 |
| Transco Int. 8¾ 95 | 2/81 | 58 | 81⅛ | 82⅛ | −0⅛ | 39.19 |
| Tricorp 8½ 95 | 12/80 | 31.25 | 82⅛ | 84 | +1⅛ | 10.28 |
| Union Bk. Switz. 5 89 | 2/80 | 70.79 | 73 | 75 | +0⅛ | 2.49 |
| Fujitsu 5 84 DM | 7/80 | 431.6 | 192 | 193 | −1⅛ | −0.40 |
| Sharp Cpn. 6½ 88 DM | 4/80 | 595 | 188⅛ | 189⅛ | +0⅛ | −0.85 |
| Unv Co. 6½ 85 DM | 11/79 | 879.3 | 118⅛ | 119⅛ | +0⅛ | −3.19 |

* No information available—previous day's price.

† Only one market maker supplied a price.

**Straight Bonds:** The yield is the yield to redemption of the *mid-price; the amount issued is in millions of currency* units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

**Floating Rate Notes:** Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. *C.cpn=The current coupon.* C.yld=The current yield.

**Convertible Bonds:** Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. *Prem=Percentage premium of the current effective price* of acquiring shares via the bond over the most recent price of the shares.

# DM515m rights issue from Bayer

BY STEWART FLEMING IN FRANKFURT

BAYER the West German chemicals group, plans to raise a net DM 515m ($220m) through a one-for-ten rights issue at DM 100 a share.

A major financing exercise has been expected from Bayer for some time, and there was speculation among stock market analysts yesterday that another of the big three chemical groups in Germany, Hoechst, was also planning an issue of new equity.

Share prices of German chemical companies have been particularly strong this year, with Bayer's stock up almost 30 per cent to DM 140 ahead of yesterdays announcement, compared with around 13 per cent increases for BASF and Hoechst.

The company cites big expansion plans, including the necessity of adding some DM 200m capital to the Agfa-Gevaert photographic products group as the reason for its financing. Last month Bayer paid the equivalent in stock of around about $135m for the 40 per cent of Agfa-Gevaert it did not already own, and it has long been known that the photographic group was in need of substantial new resources.

Last year Bayer managed to escape the worst of the recession in the chemicals industry and increased pre-tax profits by 11.5 per cent to DM 1.56bn, while sales increased 10.9 per cent to DM 28.83bn.

The company is the most international of the German chemical concerns with foreign sales accounting for around 73 per cent of turnover. In the first quarter of the current year higher product prices and the strength of the dollar helped to increase group sales by 11.3 per cent to DM 8.4bn.

# Corbi resigns presidency of Condotte d'Acqua

BY RUPERT CORNWELL IN ROME

ONE OF the most prominent figures in Italy's state sector industry, Sig Loris Corbi, has resigned as president of Condotte d'Acqua, a subsidiary of the IRI-Italstat group and one of Europe's largest construction and civil engineering concerns.

He is replaced by Sig Sergio de Amicis, currently president of Italstrade, another subsidiary of IRI-Italstat. Although Sig Corbi's name was among those to feature on the lists of alleged members of the secret P-2 Freemasons Lodge, this does not appear to be a factor in his departure.

Sig Corbi has strenuously denied any involvement with P-2. At 70 years of age, he has frequently intimated his desire to step down at a suitable moment, after 12 years in the presidency.

Nonetheless he is the second leading figure in Italian industry and finance to resign in recent days, in the wake of the Freemasons affair.

Last Friday Signora Anna Bolchini Bonomi announced that she was giving up the presidency of Beni Immobili Italia, the cornerstone of the Bonomi group, one of the most powerful elements in the Milanese financial establishment.

VONTOBEL EUROBOND INDICES
14.5.76=100%

| PRICE INDEX | 23.6.81 | 16.6.81 | AVERAGE YIELD | 23.6.81 | 16 6.81 |
|---|---|---|---|---|---|
| DM Bonds | 87.11 | 86.74 | DM Bonds | 10.448 | 10.513 |
| HFL Bonds & Notes | 91.36 | 91.31 | HFL Bonds & Notes | 11.099 | 11.107 |
| U.S. $ Strt. Bonds | 84.11 | 83.84 | U.S. $ Strt. Bonds | 13.314 | 13.372 |
| Can. Dollar Bonds | 83.69 | 82.73 | Can. Dollar Bonds | 13.624 | 13.604 |

# Swiss bank fiduciary business expands

By Our Financial Staff

SWISS BANKS' fiduciary accounts continued to expand dramatically in the first quarter of 1981, rising 15 per cent to SwFr 148.9bn ($73bn) over their level at the close of 1980.

Fiduciary business, which involves funds banks receive from abroad and which are deposited on the Euromarkets in the bank's name but at the customer's risk, has exploded upwards over the past couple of years.

In 1980 it rose by more than half to overtake for the first time the foreign business done by Swiss banks on their own account.

At the end of 1978 fiduciary accounts in Switzerland totalled SwFr 60bn. They totalled SwFr 75bn a year later, and SwFr 129.2bn at the end of 1980, compared with SwFr 117.2bn for the banking system's own account foreign business.

Over the first quarter of 1981, own account foreign business has grown by just SwGr 500m to SwFr 117.7bn, while own account foreign liabilities rose to SwFr 85.5bn. Fiduciary liabilities at the end of March stood at SwFr 121.8bn, an increase of SwFr 14.9bn.

The relatively small changes in the banks' own account foreign positions reflected the weak development of that part of the banks' foreign business included in their balance sheets, the Swiss National Bank said yesterday. Fiduciary business is not a balance sheet item.

Including fiduciary accounts, the banks' surplus of foreign assets over liabilities rose by SwFr 4.4bn to SwFr 59.3bn in the 1981 first quarter.

# Japanese boost spending on oil projects to $12bn

BY RAY DAFTER, ENERGY EDITOR

JAPANESE OIL exploration companies plan to spend $12bn during the next decade in a bid to boost oil development projects in Japan and overseas.

The spending programme is seen within the oil industry as an attempt by Japan to lessen its dependence on third-party energy imports. Japan is the world's second largest oil importer after the U.S., buying almost 5m barrels a day of crude oil, products and liquified petroleum gas.

Japan's Petroleum Mining Federation said that the country's exploration countries planned to expand mainly through joint ventureships in South and North America, the Middle East, China and the Soviet Union as well as in Japan. In this way they hoped to increase their output by 359,000 b/d to 799,000 b/d by 1990.

Japanese companies now produce 340,000 b/d in the Middle East, 80,000 b/d in Asia and 10,000 b/d in South America. In addition the companies produce about 10,000 b/d in Japan.

The Federation said that a further $21bn would be needed to meet the Ministry of International Trade and Industry's target for production of 1.3m b/d by the companies in 1990. This level of output would equate with about one-fifth of Japan's estimated oil requirements.

It was expected that between 70 and 80 per cent of the cost of the present oil exploration projects would be covered by investment and loans from Japan's semi-official National Oil Corporation.

Some 60 Japanese companies are now engaged in hydrocarbons exploration and development at home and abroad. Their domestic exploration effort has been largely disappointing. Official records of onshore oil production in Japan date back to 1874 although output has never risen much above a few thousand barrels a day. (This compares with a single North Sea field which can yield up to 500,000 b/d.)

Only one producing field offshore Japan has been established—the Aga Oki discovery off Niigata Prefecture. According to a new report by Petroleum Economist and Petroconsultants, a consortium of Japex, Amoco and Indemitsu are extracting just 1,650 b/d of oil and 48,600m cubic feet a day of natural gas from this discovery. The report also indicates that an average of 15 exploration wells are planned in Japan's offshore regions over the period 1980-1985.

# Holzmann raises dividend following surge in activity

BY OUR FRANKFURT STAFF

AN INCREASE in annual dividend, from DM 9 to DM 10 a share, is announced by Philipp Holzmann, one of West Germany's leading construction groups. The increase follows a surge in building activity by the group last year of 9 per cent to DM 6.3bn ($2.7bn), partly as a result of a particularly strong growth in its domestic operations.

In its consolidated profit and loss account the company reports that its net income fell from DM 49.6m in 1979 to DM 40.6m in 1980. The decline in earnings, however, reflects in part a special provision of DM 30m which was put into pension reserves. Moreover some important interests, in particular its U.S. operations through J. A. Jones, are not consolidated so far as profits are concerned. The dividend increase therefore provides perhaps a better guide to what would appear to have been a very profitable year.

There are signs, however that after last year's strong growth in domestic building activity, business is slackening off this year no doubt partly because of cuts in public sector building work. Thus the company reports that in the first five months of 1981 building activity in domestic markets fell to DM 791m, down 5 per cent from last year. For the year as a whole it expects operations to be about the same level as 1980.

Overseas, however there has been strong growth with building activity up 24 per cent to DM 2.1bn in the first five months of the year. Again the U.S. business will have had an impact here both in terms of growth of business and in terms of the impact of the increased D-Mark value of U.S. dollar business following the sharp fall in the D-Mark on the foreign exchanges.

# Sharp increase in orders at Andritz

By Paul Lendvai in Vienna

ANDRITZ, the Austrian engineering group controlled by Creditanstalt Bankverein, reports increased sales and orders and plans a Sch 40m ($2.4m) rights issue.

Turnover last year rose by 18 per cent to Sch 8bn and the order book doubled to Sch 6.4bn. Orders in hand have now risen to Sch 7.7bn, 80 per cent up on the position a year earlier with foreign business accounting for 90 per cent of the content.

● Krupp Stahl continued to record a negative earnings trend in the first half of this year from the final quarter of 1980, according to Herr Alfons Goedde, managing board chairman, Reuter reports from Bochum. He gave no details but told the annual meeting that steel production capacity usage held at unsatisfactory levels in this period because of production controls under paragraph 58 of the European Coal and Steel Community Treaty.

# Cartel Office orders Axel Springer sale

By Leslie Colitt in Berlin

THE West German Cartel Office has issued a "decartelisation" order to the Axel Springer publishing house to divest itself of a small advertising weekly in Hamburg which it bought five years ago and merged with a Springer advertising subsidiary. It is the first such order since the Cartel Office in Berlin was empowered in 1973 to begin merger control.

Axel Springer Verlag, Europe's largest newspaper and magazine publisher, has appealed the ruling which will be decided by the Berlin Appeal Court. Springer was ordered in 1978 to divest itself of the Elbe Wochenblatt Verlagsgesellschaft in Hamburg, in a ruling upheld by the West German Supreme Court in 1979 which Springer is said to have ignored.

The Cartel Office said other decartelisation orders may now follow this one if the companies involved did not comply with legally binding orders to terminate their mergers. One of them is said to be the merger between the Thyssen company and Hiller in which Thyssen was ordered to lower its holding to below 50 per cent.

The Berlin office originally ruled against the Springer merger in Hamburg, saying that it increased the company's "market dominating" position in Hamburg's advertising publications.

# Small business centre planned for Rotterdam

By Charles Batchelor in Amsterdam

ROTTERDAM City Council, Amsterdam-Rotterdam Bank (AmRo) and the U.S. computer company Control Data, hope to establish a centre for small businesses in Rotterdam. The centre would provide office or factory space and communal information and communication services to between 30 and 75 small companies.

The organisers will assess the response to the plan before deciding whether to go ahead by the end of October. The idea of business and technology centres (BTC) has already been applied successfully in 20 cities in the U.S., they said.

# $58m Nikko Securities offer

By John Makinson

NIKKO SECURITIES, the second largest securities house in Japan, will raise around $58m through its issue of 30m shares. The company has priced the shares at $1.931 each, equivalent to Y427 per share. This represents a discount of 4.9 per cent on yesterday's closing price in Tokyo of Y449.

The shares are being offered in the form of European depositary receipts through an international syndicate led by Deutsche Bank.



هكذا من الأصل

Wong Sulong looks at an expanding Malaysian Chinese group

# Multi-Purpose goes multinational

MULTI-PURPOSE Holdings (MPH) has taken a step towards becoming the first Malaysian Chinese multinational company with the recent purchase of Guthrie Berhad, the Singapore-based subsidiary of the Guthrie Corporation of the UK. MPH sees the acquisition as the vehicle for its launching an international trading corporation, similar to the Japanese Sogo Shosha.

MPH payment to Guthrie Corporation is S$101m (U.S.$48m) for 24.25m shares, representing 73 per cent of Guthrie Berhad, pricing the shares at S$4.16 each. A similar cash offer is being made to the minority shareholders.

The price represents a substantial premium on the going market price of S$3, but MPH believes Guthrie Berhad, with its extensive trading and engineering activities, fits in well with the new parent's expansion plans.

Mr. Tan Koon Swan, MPH's managing director (operations), says the group is now talking with a major Bumiputra (Malay) co-operative to join in the transformation of Guthrie Berhad into Malaysia's first multi-national trading company.

For an organisation which is only four years old, the growth of MPH has been remarkable. In 1980 it posted a profit of 47m ringgit ($U.S. 20m) after tax and extraordinary gains, compared with 3.7m ringgit in 1979. It now controls Bandar Raya, Malaysia's largest property development company, Magnum, the lottery organisation, and several large industrial and plantation groups, as well as having a 41 per cent stake in Malaysia's third largest bank, United Malayan Banking Corporation.

## Difficult position

Shareholders who had subscribed to its shares of one ringgit each at the time of launching in May 1977 have seen them rise to some ten times the original value.

The main force behind MPH is Datuk Lee San Choon, who is also president of the Malaysian Chinese Association (MCA), the Chinese partner in the Malaysian Coalition Government, and Minister of Transport.

When he took over the MCA leadership in 1975, he was in a difficult position. Wealthy Chinese businessmen, who had been the financiers of the party, were drifting away, preferring to establish their own lobby lines with the Malay politicians.

The morale of the Chinese community was low. They had lost two crucial portfolios (Finance, and Trade and Industry) to the Malays and they watched with resignation the increasing encroachment of Government sponsored agencies, such as Pernas, involved in trading and investment, and Mara, involved in finance and investment, into the private sector.

Partly to reduce his dependence on the Chinese tycoons, and partly to demonstrate to the Chinese that their traditional family businesses were out-dated, Datuk Lee set up MPH. The response from the Chinese community to its offer of 30m shares was overwhelming.

Now that it has established itself as a powerful business vehicle, Datuk Lee and his political advisers, are trying to play down its political image. This is because the politically dominant Malays are sensitive about business organisations controlled by politicians, other than their own. The MCA does not hold any shares in MPH, but all the MPH directors are MCA leaders.

## Further acquisitions

MPH's shareholders number in excess of 27,000 and most are MCA members.

Mr Tan says that MPH would be looking out for further acquisitions, both in Malaysia and overseas. The group recently announced a rights issue to raise 385m ringgit—the biggest ever in Malaysia and Singapore—to finance its expansion. The funding includes an extra 100.7m shares of 1 ringgit each to be sold to KSM at 1.75 ringgit each.

This would bring KSM's stake in MPH close to 50 per cent, giving MCA leaders even tighter control of what is one of Malaysia's fastest growing conglomerates.

# Rising costs hit Fraser and Neave

By Our Financial Staff

FRASER AND NEAVE, the Singapore drinks manufacturer and distributor, suffered a 19.2 per cent fall in after-tax profits to S$20.38m (U.S.$9.6m) in the year to March, because increased costs could not be covered by increased prices until the year end.

However, the dividend total is lifted from 21 cents to 23 cents a share, with a final of 16 cents. Turnover rose 2.4 per cent to S$204.6m (U.S.$96m), and, including a surplus from the sale of investments, net profits were just 1.8 per cent lower at S$25.99m.

# Holding in Haw Par declared

BY OUR FINANCIAL STAFF

HONG LEONG FINANCE has announced that a subsidiary of its unlisted investment arm, Hong Leong Holdings, has become a substantial shareholder in Haw Par Brothers International.

The wholly owned subsidiary, Union Investment Holding, has acquired 8.91m shares, representing 7.17 per cent of Haw Par's issued capital, on June 8.

Hong Leong Finance said it had not itself purchased any shares in Haw Par although 100,000 shares were bought by its subsidiary, Singapore Finance on April 2.

Haw Par is currently the object of a takeover bid by the United Overseas Bank Group which controls 29.09 per cent of Haw Par's capital.

Another major shareholder in the company is JCI Holdings (Singapore) which has already declared a stake of more than 10 per cent.

● THE STOCK EXCHANGE of Singapore is to resume dealing in Metal Box BHD today. The company's original 15.88m shares will be joined by the additional 4.76m new shares issued to Kumpulan Fima BHD, a Malaysian-government owned company, as consideration for the acquisition of Malaysian Can Company.

Metal Box was suspended by the Singapore and Kuala Lumpur stock exchanges last October following negotiations to acquire Malaysian Can.

# HK financial futures plan

BY KEVIN RAFFERTY IN HONG KONG

HONG KONG'S commodity exchange aims to introduce trading in financial futures. Mr P. O. Scales, the exchange's chairman, said officials are engaged in preliminary discussions with the Government.

It is unlikely that financial futures could come until next year, but Mr Scales is hopeful that Hong Kong might not be too far behind London where planning for financial futures is at an advanced stage.

At the moment the Hong Kong exchange trades in cotton, soyabeans, sugar and gold futures.

The exchange was set up in 1977 and by the end of 1980 had 147 full members, representing world-wide interests. Income for 1980 totalled HK$3.48m (U.S.$0.63m) and operating profits HK$1.6m. However an expenses claim of HK$2.08m by the original promoters and transfers from the compensation fund to reserves brought about a loss for the year of HK$0.93m and losses carried forward of HK$6.42m.

Unaudited figures for the first five months of 1981 show that accumulated losses have been reduced to HK$4.95m after operating profits reached HK$1.46m.





# Managing director for Texaco

Dr William Doyle has been appointed managing director of TEXACO from July 1. He takes over from Mr Jim Williams who has been managing director since 1980 and who will be taking an appointment with Texaco Inc. in the U.S. Dr Doyle has been assistant managing director since September 1977. As managing director he will be responsible for the exploration and the production functions of the company.

★

Dr Günther Vieten has been appointed managing director of EATON LIMITED, the British subsidiary of Eaton Corporation, succeeding Mr Henry T. Holland, who is now responsible for Eaton's European axle operations. Dr Vieten continues as financial director Europe, based in Hounslow.

★

Mr John C. Keenan has been appointed an assistant managing director of CHRISTIE-TYLER.

★

BRAY CHROMALOX has appointed Mr Peter Kerry and Mr Barry Sutcliffe directors. Mr Kerry becomes manufacturing director and Mr Sutcliffe commercial director.

★

Mr James Bereridge has been appointed a director of POWELL DUFFRYN. Mr Beveridge will continue as managing director of Hamworthy Engineering, a position he has held since 1976.

★

GRIEVESON, GRANT AND CO, stockbrokers, states that Mr S. K. Grove will be joining the partnership on June 27. For the past six years he has been the firm's representative in Tokyo, and he is the head of its office there.

★

Mr Robert Wyatt has been appointed an assistant general manager at MIDLAND BANK INTERNATIONAL. He was previously a corporate finance director. He will add project finance to his existing responsibility for the bank's aerospace activities.

★

TECALEMIT has appointed Mr S. Jewson as a non-executive director. He is the deputy chairman of Green's Economiser Group.

★

ABBEY LIFE ASSURANCE CO. has elected Mr David King to be deputy chairman. Since 1977 Mr King, as senior director sales and marketing, has been responsible for Abbey Life's sales division covering sales through associates and brokers, as well as for the company's marketing and product development.

★

Mr Geoffrey Moore, former chairman of Vauxhall Motors, has been elected president of the SOCIETY OF MOTOR MANUFACTURERS AND TRADERS. Mr Harry Hooper, chairman and managing director of Armstrong Equipment, was elected a vice-president joining Mr George Turnbull, chairman and managing director of Talbot Motor Company, and Mr Peter Foden, chairman and managing director of ERF, who were re-elected vice-presidents for a further term. Sir Bernard Scott, president of SMMT for 1980-81, becomes deputy president. Mr Miles Breeden was re-elected honorary treasurer of the society.

★

Mr Alex Thomson has been appointed manager of the Scottish office of CHEMCO EQUIPMENT FINANCE. He was formerly a manager in Scotland with Midland Montagu Leasing.

★

Mr David G. Walters has been appointed managing director of the fractional horse power and ceiling fan motor division of BROOK CROMPTON PARKINSON MOTORS and of CROMPTON PARKINSON MOTORS (DONCASTER) succeeding Mr Dennis Waddington who has retired.

★

Mr Keith Lewis and Mr Jeremy Carey have been appointed to the board of CITY AND COMMERCIAL COMMUNICATIONS. Mr Lewis was head of public relations and a director of Universal McCann and Mr Carey was a director of Sterling Public Relations.

★

Mr D. J. T. Lawman, chairman of the Prestige Group, has been appointed a director of the CHARTER TRUST AND AGENCY.

★

Mr John Herrin has succeeded Mr Ken Walton as chairman of the Electronic Components Industry Federation. Mr Herrin is chairman of Welwyn Electronics and a managing director of Royal Worcester.

## OVERSEAS

RICOH COMPANY is appointing Mr T. Kokushi on July 10 as president of Ricoh Nederland BV in the place of Mr Y. Okuyama, who is returning to Japan to an appointment at head office.

★

Mr Benjamin Zdatny, president of White Rose Food Corporation, New York, has been elected a senior vice-president of DI GIORGIO CORPORATION. Mr Zdatny is a director of Di Giorgio Corporation and a member of the executive committee of the board of directors. He is also a member of the Di Giorgio operating committee.

Mr R. I. Taylor has been appointed managing director of MAIBL BERMUDA (FAR EAST), the Hong Kong subsidiary of Midland and International Banks.

★

Mr H. F. Baur, a director of Billiton (UK), has been appointed managing director of BILLITON METALS AND ORES INTERNATIONAL BV in the Hague from July 1. On taking up the appointment Mr Baur will cease to be a director of Billiton (UK).

# WORLD STOCK MARKETS

# Dow sheds 6.5 in early trade

DISAPPOINTMENT OVER the failure of interest rates to decline caused Wall Street to decline yesterday morning in another active trade, following Tuesday's sharp advance.

The Dow Jones Industrial Average, which gained 12.46 the previous day, receded 6.47 to 1,000.19 at 1 pm. The NYSE All Common Index shed 34 cents to $77.08, while declines led rises by an eight-to-five ratio. Turnover amounted to 36.15m shares, against 35.36m recorded at 1 pm on Tuesday.

Analysts said Tuesday's rally was sparked off by a drop in federal funds rate to around 16 per cent, but the market lost steam early yesterday when banks did not follow-through by lowering their prime and broker loan rates.

Blue Chip stocks, which led the rally the previous day, were losing ground, **Eastman Kodak** shedding ⅝ to $77, **IBM** ⅞ to $59, **ATT** ⅛ to $57½, **Du Pont** ⅞ to $53¾ and **International Paper** ⅞ to $48⅞.

On the actives list, **Lockheed** was off 1¾ to $38¼, but **Firestone** put on ¼ to $13½ and **Boeing** ¼ to $31¼.

General ...**Portland Cement** jumped 8¾ to $42¼. It has received a takeover bid of $45 a share from Canada Cement Lafarge.

**Diamond Shamrock** lost 2¼ to $35½, after rising $4 on Tuesday on speculation that it might merge with Conoco.

THE AMERICAN SE Market Value Index, in contrast, was a slight 0.27 higher at 373.23 at 1 pm. Volume 3.49m shares.

## Canada

The Toronto market showed no decided trend at noon yesterday. The Composite index was down 7.0 at 2,344.8, but gains outscored falls by 176 to 160. Golds shed 22.2 to 3,854.7 and Oil and Gas 19.8 to 4,977.5. The Montreal Exchange was closed for a local holiday.

## Tokyo

After a bright showing during the morning, the market slipped back as many of the Popular issues retreated on increased worries about possible margin trading curbs. The fresh concern arose from news yesterday of a record high outstanding balance of purchases in margin trading at the end of last week.

The Nikkei-Dow Jones Average was only 1.20 up on the day at 7,706.61, while the Tokyo SE index was a net 0.38 easier at 576.18, but gains retained a 355-to-291 lead over declines on the First Market section at the close. Volume 340m shares.

Pharmaceuticals, Machine Tools and a selection of low-priced issues closed strongly as their outstanding balances in margin trading were low, but Steels, Shipbuilders, Heavy Electric Machines, Motors and some Light Electricals declined because of high such balances.

Among Pharmaceuticals, **Tanabe** advanced Y100 to Y750, **Sankyo** Y49 to Y830, **Dai Nippon** Y44 to Y460 and **Shionogi** Y35 to Y700.

Machine Tools and other Machines performing well included **Hitachi Seiki**, up Y27 to Y598, **Toshiba Machine**, Y10 firmer at Y730, and **Ebara**, Y32 dearer at Y465, while Foods, Textiles and Shippings also improved.

In contrast, **Hitachi** lost Y12 to Y673, **Toshiba** Y6 to Y403, **Nippon Kokan** Y4 to Y226 and **Kawasaki Heavy** Y3 to Y223.

## Paris

Stock prices displayed a firming tendency in calm trading, with rises outnumbering falls by 125 to 56 in the French section.

The resilience of the market took many observers by surprise in view of the Mitterrand Administration's decision, announced Tuesday night, to offer four Cabinet-level posts to Communist deputies, and the subsequent weakness of the French franc on the Foreign Exchange market.

A feature was the firmness of banking stocks, many of which showed sizeable improvements notably **Cetelem, CIC, SNVB** and **Banque Rothschild**, traders were unable to explain the interest in these stocks, especially since the new French Government now has a free hand to implement its plan to nationalise the Banking sector.

Market observers said they had seen some buying by institutional investors which possibly stimulated other buying orders.

## Germany

Profit-taking encouraged by a surprise rights issue announcement from Bayer pulled the market down yesterday following its recent good showing. However, there was some recovery near the end of the session, leaving a rather mixed picture on balance.

Bayer, which announced a one-for-ten issue at par, receded DM 2.70 to DM 137.50.

Elsewhere, **Mannesmann** fell DM 3.30 to DM 152.90 and **Preussag** DM 2.80 to DM 155.50, but **MAN** gained DM 2.30 to DM 203.80 and **Dresdner Bank** also DM 2.30 to DM 160.

**Holzmann** fell DM 13 to DM 488 on reduced profits.

In Stores, **Karstadt** lost DM 6 to DM 220, but its subsidiary, **Neckermann**, gained DM 9 to DM 99 after a DM 10 rise the previous day.

On the Domestic Bond market, Public Authority Loans shed up to 65 pfennigs, with the Bundesbank buying DM 10.8m nominal of stock, after selling DM 22.4m on Tuesday.

## Australia

A spate of bullish announcements from the Resources sector put the market on track for a mild recovery. The All Ordinaries index rallied 5.5 to 706.8.

**Santos** rose 26 cents to A$7.20 after the South Australian Government announced that first contracts had been left for an A$130m petroleum products pipeline to carry Cooper Basin production to the coast.

**BHP** advanced 40 cents to A$15.10 on news that the NSW Government had approved finance and lease arrangements for the A$280m Saxonvale coal project, while **CSR** firmed 2 cents to A$6.08 following a similar agreement on the A$170m Drayton coal development.

## Hong Kong

The market finished the Wednesday half-day session little altered after relatively quiet trading. The Hang Seng index was just 1.95 up at 1,708.90, while combined turnover on the four exchanges came to HK$447.24m, against Tuesday's full trading day total of HK$616.84m.

Dealers noted that the main factor affecting the market was yesterday afternoon's scheduled Legislative Council debate on proposed rent control legislation. Many operators remained on the sidelines, with the feeling in some quarters that the legislation, which would relax some rent controls, may not go through.

## Johannesburg

Mainly modestly firmer Gold shares were featured by **Free State Saai**, which jumped R1.30 to R7.30 following developments in the merger with Welkom. The latter advanced R1.25 to R15.00, but **Western Holdings** declined R2 to R65.

## Singapore

Selective buying took the market further ahead to leave the Straits Times Industrial index 6.79 higher at an all-time peak of 965.90.

**United Motor Works** added 30 cents at S$7.45 and **Malay Banking** 15 cents at S$8.75.

**Closing prices for North America were not available for this edition.**

# Indices

## NEW YORK —DOW JONES

| | June 23 | June 22 | June 19 | June 18 | June 17 | June 16 | 1981 High | 1981 Low | Since Cm'pil't High | Since Cm'pil't Low |
|---|---|---|---|---|---|---|---|---|---|---|
| ●Industr'ls | 1006.6 | 994.20 | 986.19 | 995.15 | 1006.56 | 1003.52 | 1024.05 (27/4) | 931.57 (15/2) | 1051.70 (11/1/73) | 41.22 (2/7/32) |
| H'me Bnds | 61.42 | 61.57 | 61.55 | 61.37 | 62.22 | 61.98 | 65.78 (15/1) | 53.57 (7/5) | — | — |
| Transport | 425.63 | 422.22 | 420.25 | 417.54 | 418.64 | 418.11 | 447.38 (15/4) | 379.18 (20/2) | 447.53 (16/4/81) | 12.23 (2/7/32) |
| Utilities | 111.01 | 110.18 | 110.25 | 110.75 | 111.52 | 111.37 | 117.81 (5/1) | 108.99 (5/5) | 165.32 (20/4/69) | 10.5 (22/4/42) |
| Trading Vol. 000's | 51,240 | 41,790 | 46,450 | 48,400 | 65,470 | 57,780 | — | — | — | — |

●Day's high 1003.94 low 990.91

| Ind. div. yield % | June 19 | June 12 | June 5 | Year ago approx |
|---|---|---|---|---|
| | 5.48 | 5.49 | 5.62 | 6.07 |

## STANDARD AND POORS

| | June 23 | June 22 | June 19 | June 18 | June 17 | June 16 | 1981 High | 1981 Low | Since Cmpil't'n High | Since Cmpil't'n Low |
|---|---|---|---|---|---|---|---|---|---|---|
| Indust'ls | 149.55 | 148.05 | 148.46 | 147.64 | 149.47 | 147.90 | 157.02 (6/1) | 143.75 (2/2) | 160.96 (28/11/80) | 3.52 (30/6/32) |
| Composite | 133.35 | 131.85 | 132.27 | 131.64 | 133.82 | 132.15 | 138.12 (6/1) | 129.58 (20/2) | 140.52 (28/11/80) | 4.40 (1/6/32) |

| | June 17 | June 10 | June 3 | Year ago approx. |
|---|---|---|---|---|
| Ind. div. yield % | 4.73 | 4.76 | 4.79 | 5.22 |
| Ind. P/E Ratio | 9.51 | 9.46 | 9.14 | 7.75 |
| Long Gov. Bond yield | 12.48 | 12.56 | 12.86 | 9.55 |

## N.Y.S.E. ALL COMMON

| June 23 | June 22 | June 19 | June 18 | 1981 High | 1981 Low |
|---|---|---|---|---|---|
| 77.42 | 76.59 | 76.75 | 76.40 | 79.14 (6/1) | 72.45 (25/2) |

| Rises and Falls | June 23 | June 22 | June 19 |
|---|---|---|---|
| Issues Traded | 1,919 | 1,925 | 1,902 |
| Rises | 969 | 700 | 693 |
| Falls | 575 | 826 | 816 |
| Unchanged | 375 | 399 | 395 |
| New Highs | 51 | 43 | 31 |
| New Lows | 15 | 6 | 15 |

## MONTREAL

| | June 23 | June 22 | June 19 | June 18 | 1981 High | 1981 Low |
|---|---|---|---|---|---|---|
| Industrials | 402.05 | 402.44 | 404.45 | 403.72 | 409.55 (27/5) | 336.25 (20/2) |
| Combined | 379.72 | 379.64 | 372.80 | 372.09 | 375.15 (27/5) | 339.34 (20/2) |
| TORONTO Composite | 2357.8 | 2356.2 | 2350.6 | 2345.6 | 2678.6 (10/4) | 2131.4 (20/2) |

## NEW YORK ACTIVE STOCKS

| Tuesday | Stocks traded | Closing price | Change on day |
|---|---|---|---|
| Abbott Labs. | 802,200 | 31 | +¾ |
| Exxon | 709,900 | 35 | −⅞ |
| IBM | 583,000 | 59⅜ | +1⅞ |
| Dmnd. Samrck. | 501,700 | 37½ | +4 |
| Conoco | 477,300 | 62 | −3⅞ |
| Chrysler | 469,000 | 7⅝ | — |
| Sony | 430,600 | 21⅞ | +⅛ |
| Texas Util. | 420,300 | 20⅝ | +⅜ |
| Colgate Palm. | 416,600 | 18⅝ | +1 |
| Cmwlth. Edison | 400,000 | 20 | — |

| | June 24 | June 23 | June 22 | June 19 | 1981 High | 1981 Low |
|---|---|---|---|---|---|---|
| AUSTRALIA All Ord. (1/1/80) | 705.8 | 701.3 | 705.0 | 707.3 | [illegible] | 641.1 (17/2) |
| Metal & Minrls. (1/1/80) | 601.5 | 596.5 | 598.5 | 605.7 | [illegible] | 564.5 (5/5) |
| AUSTRIA Credit Aktien (2/1/62) | 60.44 | 60.24 | [illegible] | [illegible] | [illegible] | 59.09 (10/5) |
| BELGIUM Belgian SE (31/12/63) | 75.75 | 75.06 | 75.11 | 72.40 | [illegible] | 69.55 (16/6) |
| DENMARK Copenhagen SE (1/1/73) | 112.25 | 111.79 | 111.02 | 110.52 | [illegible] | 96.53 (2/1) |
| FRANCE CAC General (29/12/61) | 82.6 | [illegible] | 81.2 | [illegible] | [illegible] | 77.3 (15/6) |
| Ind Tendance (31/12/80) | 84.7 | 84.0 | [illegible] | [illegible] | [illegible] | 73.2 (12/6) |
| GERMANY FAZ-Aktien (31/12/58) | 241.16 | 241.19 | [illegible] | [illegible] | [illegible] | [illegible] |
| Commerzbank (Dec. 1953) | 745.5 | 742.9 | 736.7 | [illegible] | 745.5 | 636.4 (16/5) |
| HOLLAND ANP-CBS General (1970) | 95.5 | 95.7 | [illegible] | [illegible] | [illegible] | 85.7 (2/1) |
| ANP-CBS Indust. (1970) | 75.3 | 75.0 | 76.4 | 76.2 | [illegible] | 62.5 (2/1) |
| HONG KONG Hang Seng Bank (31/7/64) | 1708.90 | 1706.95 | 1677.56 | [illegible] | [illegible] | 1299.45 (11/5) |
| ITALY Banca Comm Ital (1972) | 250.00 | 213.65 | [illegible] | [illegible] | [illegible] | 170.35 (6/1) |
| JAPAN Dow Average (16/5/49) | 7706.61 | 7705.41 | [illegible] | 7714.57 | 7714.57 (19/6) | 6956.52 (15/5) |
| Tokyo New SE (4/1/68) | 576.18 | 576.56 | 577.32 | 577.17 | [illegible] | 495.73 (5/1) |
| NORWAY Oslo SE (1/1/72) | [illegible] | 115.02 | 115.65 | [illegible] | 127.37 (4/5) | 110.54 (3/6) |
| SINGAPORE Straits Times (1966) | 965.90 | 959.11 | 952.46 | 949.72 | [illegible] | 659.51 (2/1) |
| SOUTH AFRICA Gold (1958) | (u) | 545.2 | 548.5 | [illegible] | [illegible] | [illegible] |
| Industrial (1958) | (u) | 621.3 | 625.1 | 625.5 | [illegible] | [illegible] |

FINANCIAL TIMES SURVEY

Thursday June 25 1981

# Consortium Banking

Pressures on consortium banks from within and without in recent years have forced many changes in their thinking—though some still thrive in their original form. But the tally nowadays includes groups with much wider international links, a major source of strength.

## Concept takes on wider meaning

By John Makinson

MANY CONSORTIUM banks have become accustomed to treading the fine line between complementing and competing with their shareholders. In April this year one of the largest, Orion Bank, finally toppled off the high wire into the hands of a single shareholder, Royal Bank of Canada.

The demise of Orion as a consortium bank came as no great surprise to anyone who had followed its recent history. Two years ago its chairman and chief executive, Mr David Montagu, resigned from the bank because he saw no future for it as a consortium and wanted one of its shareholders to take full control. At the time the shareholders did not agree.

Orion's experience does illustrate, however, the dilemma facing the traditional consortium banks, which enjoyed their heyday in London in the late 1960s and early 1970s. They were set up during the infancy of the Euromarkets to participate in medium-term international lending on behalf of their shareholders.

Increasingly the shareholder banks developed their own Euromarket interests and passed less of the business to their associate. Orion's shareholders—National Westminster, Royal Bank, Chase Manhattan, Westdeutsche Landesbank, Credito Italiano, and Mitsubishi—are almost all among the first rank of Euromarket banks in their own right.

Orion, finding itself in the awkward position of competing directly with its shareholders, sought to develop other activities, but again found itself conflicting with shareholder interests.

Only 11 years after its creation Orion had become a significant presence in the international markets, with assets of £1.3bn. The irony was that despite a less than glorious recent past the bank's success ensured its extinction as a consortium.

The chief executive of another leading London consortium admits privately that he sees his own bank going the same way. "I would be surprised if we are around in our present form in 10 years' time," he says. "It is rather sad but, if I am successful, I shall work myself out of a job."

On a smaller scale the Orion story has been acted out in other banks over the past year or so. Italian International, established by four Italian regional banks, was bought out by one of them — Monte dei Baschi di Siena. PRIVATbanken of Denmark bought out its partners in United International.

Mr John Sclater, managing director of Nordic Bank and the current chairman of the Association of Consortium Banks, says his personal view is that other consortium banks could follow the example of Orion.

But he is not too distressed by the occasional disappearance. "I don't see that what happened to Orion is a final condemnation of the concept of consortium banking," he says. "Each consortium bank is unique and, while some are useful, some outlive their usefulness. The needs of the late 1960s have often changed."

### Commitment

He points out that while some banks have been reducing their commitment to consortium banking others have at times been ready to take their place. Only last month Hamburgische Landesbank and First National Bank of Atlanta announced that they were selling their holding in London Interstate Bank because they were "actively exploring ways of expanding their direct involvement in the London market." But two Scandinavian banks, Sparkassen SDS and Gotabanken, were ready to take the place of the defectors.

The purchase of a consortium by a single shareholder can create digestion problems for the buyer. Royal Bank had already established its own Euromarket operations in London when it agreed to buy Orion and the merger will produce some duplication of existing activities.

But for the shareholders there seems to be little alternative to a buy-out or the sale of a holding to another bank. Some banks have in the past been tempted by the idea of a public flotation but with banks selling in the market at a substantial discount to net asset value such a proposal would be unlikely to win unanimous acceptance.

By no means all London consortium banks are peering gloomily at the prospect of eventual transformation. The Bank of England still lists some 26 consortium bands in London, many of which seem to have established good working relationships with their parents. The Bank of England defines a consortium bank as an institution "owned by other banks but in which no one bank has a direct shareholding of more than 50 per cent and in which at least one shareholder is an overseas bank."

This definition applies accurately enough to the earliest consortium banks, some of which, such as Nordic and UBAF, are still thriving. But although it suits the Bank this classification now seems too narrow to embrace the proliferation of joint ventures which to all intents and purposes operate like consortia.

Among the most important recent entrants to the international banking market are the rapidly growing Arab banks, described elsewhere in this survey. Although only Saudi International of the new arrivals could be described as a consortium bank in the strict sense of the term, the others are joint venture operations which make extensive use of Western personnel.

It seems therefore that the role and personality of consortium banks is slowly changing. Some of the traditional consortia, particularly from the Scandinavian area, still find a role to play in the medium and long-term credit markets.

With the Scandinavian banks the cohesion is easy enough to understand. Few are large enough to make a splash in London on their own and they have interest in common, particularly in ship finance, which make sense of joint venture arrangements.

Elsewhere, however, the emphasis is shifting from co-operation between Western banks to partnerships between Western banks and institutions from other areas, most particularly the Gulf and Latin America. Almost all the banks which were established on this principle are still going strong. UBAF, based in Paris but with links around the world, has used its complex Arab-European shareholding structure to grow into the largest of all the consortia.

### Clearest

Similarly, Libra and European Brazilian are both London-based consortia owned exclusively by Western and Latin American banks. Perhaps the clearest example is Euro-Latinamerican Bank, which counts 11 European and 11 Latin American banks among its shareholders.

The advantage of this partnership arrangement is entirely mutual. The Western banks have access either to the world's largest source of deposits, in the case of the Arab banks, or to the world's largest borrower, Latin America.

A bank with a Brazilian shareholding, for example, is clearly going to be in an advantageous position if Brazil or a lead manager is forming a syndicate for a major credit.

For the Arab or Latin American partners there is the advantage of access to the experience of Western banking. It would not be surprising, however, if more partnerships were formed directly between OPEC institutions and banks in the principal balance of payments deficit countries. Gulf International and Arab Banking Corporation are partnership banks owned exclusively by Arab states which are fast establishing themselves as a major presence on the international market. Banco do Brasil is already one of the largest banks in the world.

By establishing joint ventures, or consortia in a broad sense of the word, surplus and deficit countries would be able to develop the recycling process on which the International Monetary Fund has recently laid great store.

A corollary of this trend is that London is losing some of its status as the centre of consortium banking. Hong Kong, for example, which is developing as an alternative Euromarket centre to London, is likely to take an increasing share of the business.

For the moment, however, London's consortium banks are having to contend with more immediate considerations. The Euromarket has not been a happy place to do business in the past year, with margins on Eurocredits remaining under heavy pressure and the fees on Eurobond issues being undermined by the need to offer underwriters and investors a substantial discount on the declared issue price.

For many of the consortium banks the problems have been particularly acute. Few are of a size to take a lead management role in major credits, where the fees can compensate for the low running margin, and not all are in a position to benefit from the profitable treasury business, such as letters of credit, which can often flow from a syndicated loan. Shareholders often like to keep such business for themselves.

### Peppered

The obvious path for the consortium banks is in the direction of investment banking. Indeed many of them compare themselves with London's merchant banks more than with competing Eurobanks. And the ranks of middle and senior management are peppered with graduates of London's most eminent accepting houses. By developing their merchant banking activities the consortia hope to develop a source of income to supplement the currently poor returns from their basic business — international lending.

But once again the consortia will find themselves up against the interests of their shareholders and there is so far little evidence that many consortia derive much of their income from business other than lending.

To judge from the historic profits of the banks in 1980 (very few agree with the Bank of England that they should produce current cost figures) they have mostly weathered the storms of last year reasonably well. Orion's pre-tax profits fell from £8.5m to £7.2m but Nordic, Scandinavian and UBAF, among others managed modest improvements.

Moreover, in the past few months there have been indications that conditions in the Euromarkets are improving. Bond issuers have sharply reduced the often costly practice of bought deals (in which terms of an issue are set before the offering date).

At the same time the slow decline in long-term U.S. interest rates has tempted both borrowers and investors back to the market and the higher level of volume should be of particular benefit to consortium banks. Finally, there are signs that worries about the level of debt incurred by several borrowers on the syndicated loan market, together with repayment doubts in the case of Poland, could lead to an improvement in margins later this year.

The slightly rosier outlook for the consortia was emphasised recently when Dow Banking Corp. and three Scandinavian banks announced that they were establishing a new joint venture in London, Dow Scandia Banking Corp.

The new company is not strictly speaking a consortium, since Dow owns 52 per cent of the equity. But the venture does at least show that not everyone has lost faith in the traditional concept of consortium banking.

CONTENTS

# Many groups find UK requirements an unwelcome burden

**REGULATION**

MICHAEL LAFFERTY

LONDON'S Eurocurrency banking community feels it is not as loved as it used to be. Bankers in these institutions are often heard to ask these days how they are expected to stay on in the City while putting up with what they see as an increasing range of impositions and restrictions in terms of prudential supervision, disclosure and even taxation treatment.

These same consortium bankers seem surprised that the Bank of England—traditionally regarded as their benign guardian—is powerless or unwilling any more to arrange everything to their advantage.

If this seems odd, that is largely how it is. After all, the consortium banks are unusual institutions.

In one respect they can be characterised as relatively small businesses. In another, of course, they can be and do like to be regarded as large banks because of the "size" of their balance sheets. The contrast between the small business and the large balance sheet total goes some way to explain the consortium banks' position.

But there is more to it than that. The consortium banks are the very creatures of the Eurocurrency markets and depend heavily on it for their deposits, which are mainly short-term. As such these banks are ultra-sensitive to anything that might affect their ability to go on collecting funds at the most competitive rates—and ultimately their capability of earning good profits for shareholders back home on the Continent, the U.S., Latin Aemrica or wherever.

This is the background to be borne in mind when considering the affair of the consortium banks and the new inflation accounting standard (CCA)—Statement of Standard Accounting Practice No. 16. or SSAP 16 for short. Because of the financial resources under their control and the fact that they are incorporated in the UK the consortia fall within the scope of SSAP 16, which has been issued by the UK accountancy profession's Accounting Standards Committee.

SSAP 16 does not carry the force of law by any means but should be seen as part of Britain's peculiar self-regulatory way of behaviour, especially as regards the financial community. Accounting standards are in the main observed only because they carry general acceptance (which can mean they are not too demanding) and because the accounting bodies call on all members to support their observance.

## Expected

That support is expected both from auditors and accountants alike in industry and in practice all sorts of other bodies, including the Council for the Securities Industry, the Stock Exchange and the Confederation of British Industry, also lend a bit of moral authority.

In reality, however, the only sanction available of any significance is the qualified audit report and whatever impact that might have in the financial community.

In the case of SSAP 16, of course, the small group of big accounting firms which act as auditors to the consortium banks took a decision soon after the first signs of revolt that they would not qualify their reports if a bank failed to give CCA figures with its latest accounts. Instead, the auditors said that at this stage—while CGA was still in its early implementation stages—they would simply note the fact of non-disclosure in their audit reports. That decision effectively removed any hindrance to the consortium banks, which in any case—with one or two exceptions—had no desire to publish CCA figures.

The consortium banks based their objections on a number of points, including in particular the danger that foreign bank investors and others might think a bank's real trading position vis-a-vis other banks was far worse than it really was. The banks pointed to the fact that banks in just about no other country would have to publish the CCA information.

There have been suggestions that the consortium bank auditors—or at least any bank directors who are also qualified accountants—should be referred to the professional standards committees of the accounting institutes over the affair, with whatever consequences that might entail. But action was forestalled partly because some senior accountants doubted whether the consortium banks were sufficiently important to justify the action. The least that can be said about the whole matter is that officials of the Accounting Standards Committee did go to see the Governor of the Bank of England, who is said to have promised to consider the matter. But that was enough to make many consortium bankers complain that their position was not understood.

The threat to the consortium banks' competitive position posed by the Bank of England's new prudential guidelines are or have been that they are required to increase their capital bases. Similar considerations apply to the liquidity and foreign exchange exposure guidelines, except that in both of these cases the Bank's original proposals have been considerably watered down after an unprecedented outcry from the banking community as a whole.

Despite the Bank of England's significantly relaxed attitude some consortium bankers still grumble and cite calculations showing that the total cost of running a Eurocurrency consortium bank in London is becoming such that other centres—Paris, Brussels, Zurich are among examples quoted—might now be more attractive for a bank starting from scratch.

One of the main taxation worries of the consortium banks over the past decade has been an Inland Revenue decision to seek taxation on translation gains arising from foreign currency lending, while at the same time refusing to allow any relief for losses on the funds used for that purpose.

## Categorised

The reason was that the incoming funds—categorised as subordinated loan capital—were treated as fixed capital under tax legislation.

The lending on the other hand was working or circulating capital. Under British tax law there is supposed to be a fundamental distinction between capital and revenue items.

In retrospect it is now suggested by some accountants that the consortium banks affected by this ought to have been aware of the problem before it happened. But in fairness other banks including Hambros merchant bank were also caught out. Indeed it is not a consortium bank which has chosen to fight the Inland Revenue over the matter but Marine Midland of the U.S. The case is still in progress.

The consortium banks' attitude to all of these—as they see them—negative aspects of operating in London can perhaps best be understood by realising that the banks themselves do not see themselves—or feel—particularly British. They are simply part of the wide-ranging and diverse community that makes up the City. It is largely because they happen to be incorporated under British law that they are increasingly faced with rules they do not like and never expected. Many of them see themselves much more as part of the City's foreign banking community. For the most part this community operates in London through branches which are subject to far less regulation than entities incorporated in Britain.

# Aggressive search for better returns

**DIVERSIFICATION**

JOHN MAKINSON

"LENDING MARGINS to prime borrowers continue lower and the profitability of international banking is deteriorating." This extract from the latest report and accounts of Scandinavian Bank finds an echo in the annual statements of most other London consortium banks.

Their response has generally been to seek fee income which offsets the poorer lending margins.

Competition on the syndicated credit market continues to be intense and margins for prime quality borrowers have fallen to ⅜ per cent over London Interbank Offered Rates in most cases and, occasionally, even to ¼ per cent.

Consortium banks are particularly vulnerable to this profit squeeze. Many were established with the principal task of conducting medium- and long-term syndicated lending when the Euromarket was in its infancy and that remains their main role.

Increasingly, however, they are seeking to establish footholds in other, more profitable, banking activities to compensate for the weak spreads on straightforward international lending.

Nordic Bank indicated the general direction in its own 1980 accounts: "It is likely that the average margin on the loan portfolio will continue to fall and that interest earned on the Bank's capital funds will not be so buoyant as in 1980. The Bank will, however, seek to counteract these adverse influences by making further strenuous efforts to control costs and to increase revenues from specialised fee-earnings activities."

## Adequacy

The lower return on capital funds described by Nordic is not just a reflection of weak margins. The lending activities of the consortium banks have been constrained by the new capital adequacy proposals which the Bank of England has drawn up. The need to allocate a portion of capital, for example, to contingent liabilities mean that many banks must either restrict their new lending commitments or seek more capital from shareholders. In either case, the return on capital will be under pressure.

For the older banks in particular, the task of raising new capital can be a daunting one. A clearing bank such as Midland has interests in several consortia and, at a time when its own profits are under pressure, may not view a request for additional capital too kindly if no corresponding increase in profits can be guaranteed.

The chief executive of one London consortium bank comments ruefully: "I have had to turn down several interesting proposals over the past fortnight simply because they would have fallen foul of the Bank's capital ratios."

Many consortia have therefore attempted, like Nordic, to increase fee-earnings revenues. The emphasis has slowly shifted from commercial to investment banking business.

The most obvious area of expansion has been the Eurobond market, but profitability here has been very poor over the past two years particularly for issue houses and underwriters. Intense competition has resulted in extremely tight pricing of new bonds and even the most experienced issuing houses have found it hard to make a profit.

The competition has also made it hard for newcomers to penetrate the market. One consortium banker says he has been trying to become involved in Eurobond issues for the past two years, but so far with little success.

Most of the banks have established bond trading desks and are also active to some degree in the foreign exchange and money markets.

In extending their horizons, the consortia are always conscious of the attitude of their parent shareholders. More than one consortium has gone aground by competing too directly with its shareholders. Mr John Sclater, managing director of Nordic Bank, says: "you compete with those who own you at your peril."

## Arrangement

One way around this potential headache is to establish a clear geographical demarcation. Nordic is heavily involved in shipping finance but, in Greece or the Far East, it is unlikely to run into conflict with its shareholder banks. Similarly, none of its parents has a presence in the Asia Pacific region and Nordic is therefore able to offer its shareholders' clients a full range of services, including corporate and project finance, in the area.

Mr. Garrett Bouton, chief executive of Scandinavian Bank, says he has come to a similar arrangement in Bahrain, Hong Kong and Los Angeles where none of its shareholders is represented. The situation is more complex in, for example, Singapore, where Scandinavian and two of its parents have offices.

The need to find new areas of business is particularly pressing for Nordic and Scandinavian since the bulk of their lending is to the north European region, where margins are the lowest in the world. But that balance is changing.

As well as establishing geographic areas where they can offer a comprehensive range of services without offending shareholders, many of the consortium banks are developing niches of the banking market which would be of little interest to their parents. In some cases they are able to provide a useful service. Saudi International is considering a portfolio management service which might be of considerable use to its principal shareholder, the Saudi Arabian Monetary Agency (SAMA).

Both Scandinavian and Nordic already operate portfolio management offices through subsidiaries in Switzerland. Nordic also participates in the bullion market in Zurich, an area of expansion which Scandinavian is now examining.

Mr Sclater, who says his bank is "expanding at the edges rather than diversifying," has been making UK corporate finance a high priority. So too has Scandinavian Bank, which advises clients in the Scandinavian area of potential take-over or merger candidates in the UK.

The freedom of a consortium bank to operate in the guise of both a commercial and a merchant bank allows it to participate in direct lending to British companies, and this is one avenue being explored by some of those consortia without the handicap of a British banking shareholder.

So far the slow shift towards investment banking activity has not transformed the operating balance of any London consortium bank. And some consortia have no intention of diversifying. Midland and International Banks, for example, is content to pursue its speciality of assembling small, unpublicised syndicated loans where the fees can be generous. But other banks are taking a more consciously aggressive line and hope, in the not-too-distant future, to rival the lesser members of London's merchant banking community.

# Results provide happy outcome in difficult year

PROFITABILITY

WILLIAM HALL

LONDON'S consortium banks, in common with international banks generally, have faced a trying business climate over the past year, yet their profitability appears to have held up surprisingly well in the circumstances.

Most of the problems they faced in 1979 were still very much in evidence in 1980 and it reflects credit on the management of the majority of the banks that most were able to push their profits noticeably higher, and underline their confidence by increasing their dividend payments.

The key factors affecting performance last year, in rough order of importance, were the further narrowing of spreads on the banks' traditional Eurocurrency business, the strength of sterling and relatively high interest rates. The first two factors worked to depress the profits of London-based consortium banks but have been offset to some extent by historically high interest rates, which have enabled the banks to invest profitably their free capital resources.

## Lucratively

The importance of this last factor should not be underestimated since a number of the consortium banks now have substantial shareholders' funds which they can invest lucratively when interest rates are high. This factor has helped boost the profits of London's traditional accepting houses over the past twelve months, and has also had a material impact on the profits of those consortium banks which are financed largely by equity as opposed to subordinated loan capital which is interest rate sensitive.

Midland and International Banks, for example, has £44.5m of shareholders' funds, and Libra Bank has £40.4m. With dollar interest rates in the high "teens" these banks have been able to make a handsome turn on their capital resources—a factor which very few acknowledge in their annual reports.

But on balance the odds were stacked against the consortium banks last year. The strength of sterling, while good from a capital base point of view, depressed profitability. Most of the banks' costs are denominated in sterling and the UK rate of inflation, while falling, has remained relatively high. Meanwhile the bulk of the banks' revenues are in dollars and as a result many of the banks have been squeezed between static, or marginally higher, dollar revenues and a rapid increase in sterling costs. During 1980 as a whole sterling appreciated by some seven per cent.

Loan demand from prime corporate borrowers has been relatively weak as a result of the world recession and margins have been under heavy pressure. Mr Tom Gaffney, the chief executive of Libra Bank, summed up most bankers' views in his last annual report when he concluded that "pressure of available funds for lending kept loan margins historically low and few borrowers were asked to pay more in 1980 than in 1979."

Finally, a few consortium banks have run into problems through their involvement with one or two countries. The Iran Overseas Investment Bank, for instance, faced difficulties following the U.S. decision to block its funds held by U.S. banks. As these were sourced mainly from the Eurodollar market net earnings were hit adversely. Some of the specialised Latin American consortium banks have been faced with the need to participate in the rescheduling of Bolivian and Nicaraguan debt while a number of consortium banks have been involved with the problems of Poland's borrowings.

On balance, however, the consortium banks appear to have survived surprisingly well over the last year and their profits performance bears testimony to this. Of the 22 major consortium banks monitored by the Financial Times only five reported lower profits during their latest financial period and the majority increased their dividend. In terms of balance sheet footings all but two of the banks increased their assets last year but the relatively modest growth reflects the weakness of prime loan demand combined with the banks' own conservatism. A number, such as International Commercial Bank, European Banking Company and Orion, report increases in balance sheet size last year which when translated into sterling are well below the domestic rate of inflation.

Among the major consortium banks the star performer was Libra Bank, which was set up less than a decade ago to "mobilise and channel capital resources to Latin America." In terms of profits Libra is the largest London consortium bank and last year it notched up a 20 per cent increase in pre-tax profits to £12.3m before taking into account an exceptional item of £10.5m. According to the footnote to the accounts the latter "represents the additional proceeds realised on the redemption of a maturity of fixed interest rate bonds which were index-linked but which carried a guaranteed minimum principal."

PERFORMANCE OF LEADING CONSORTIUM BANKS

| | Assets £m | % growth (decline) | Pre-tax profits £m | % growth (decline) |
|---|---|---|---|---|
| Nordic | 1,441 | 17.0 | 12.0 | 20.0 |
| Orion† | 1,283 | 4.2 | 7.2 | (15.5) |
| Scandinavian | 1,272 | 13.5 | 10.3 | 10.2 |
| MAIBL | 1,236 | 10.5 | 11.3 | 6.8 |
| Saudi International | 1,228 | 56.0 | 7.4 | 35.0 |
| Libra | 806 | 55.4 | 12.3 | 20.6 |
| ICB | 556 | 6.6 | 7.4 | 11.8 |
| UBAF | 550 | 16.3 | 5.0 | 5.1 |
| Associated Japanese | 544 | 16.9 | 4.1 | 19.8 |
| United Bank of Kuwait | 479 | 6.3 | 4.4 | 64.0 |
| Eurobraz | 441 | 14.0 | 6.7 | 22.0 |
| Eulabank | 417 | 17.5 | 7.6 | 10.7 |
| Japan International | 412 | 6.2 | 3.8 | 22.3 |

† Taken over by Royal Bank of Canada.

Source: Published balance sheets.

## Reputation

By specialising in a particular regional area Libra has built up an enviable reputation and tended to concentrate on higher yield business. Through its specialist knowledge it has been able to interpret better the risks involved. In his annual report Mr Gaffney notes that the total volume of syndicated credits fell by some 8 per cent last year and in response to this change in the market Libra is continuing to concentrate on specialised loans which will be attractive to lenders on a "club" basis and will complement their own loan portfolios and afford a higher yield.

Libra's impressive growth since its inception in October 1972 has been helped by additional capital injections from its ten large shareholders, which range from Chase Manhattan to Mitsubishi Bank and National Westminster Bank. However, too much play should not be made of the shareholders' largesse. In just nine years Libra has grown into an international merchant bank which is both larger and more profitable than many of the City's accepting houses.

Libra is an exceptional case and still has to prove over the longer term that it can maintain its early success. It is just one, however, of a breed of new international merchant banks which have been spawned by the consortium banking experiment and are now proving very real competition for the City accepting houses. The two Nordic consortium banks, for instance, are now doing much of the work that might traditionally have been done by Hambros for its Scandinavian clients. There is a danger that in the rather sterile debate about the future of consortium banks, the failures rather than the successes are emphasised.

Even among the non-specialist consortium banks in the City there are successes, although the demise of Orion Bank following hard on the footsteps of the disappearance of banks such as United International, London Multinational and Western American has always posed doubts about their rationale.

## Worthy

Two banks in particular, International Commercial Bank (ICB) and Midland and International Banks (MAIBL) are worthy of mention. Unlike Libra or the Nordic banks they have no specialist expertise but their profits continue to grow. MAIBL increased its profits by 7 per cent last year and ICB by 12 per cent. There was nothing spectacular about this performance but it should be viewed against the long-term picture, where both banks can boast steady growth.

MAIBL's pre-tax profits have grown by a compound rate of 16 per cent per annum over the last decade and this has been achieved without any injections of fresh equity capital. Its profits have grown slightly faster than the rate of inflation and its performance compares well with many of the City's old merchant banks.

It is not obvious to outsiders why MAIBL, which has never had the glamour of Orion Bank or United International, continues to do so well. Its annual report gives few clues to its success but the chairman, Sir David Barran, does outline the bank's philosophy in preferring the "smaller privately arranged syndicate." The bank feels that such arrangements lead to closer relationships between customers and the banks involved in lending to them.

Judging by its profits, at least MAIBL's approach is sensible. In many ways its experience is mirrored by the International Commercial Bank. The latter boasts no specialist expertise in energy finance, for instance, but concentrates on conservative lending with a widespread portfolio which now embraces more than eighty countries.

Both banks can boast an above average return on their assets and this fact more than anything else probably explains why they continue to survive. It is notable that many of the consortium banks that have disappeared over the last decade have been making below average returns. As long as MAIBL and ICB can demonstrate that they are earning more money than their shareholders can on the same assets, they will have a secure future.

# Impressive force in the market

ARAB BANKS

JOHN MAKINSON

THE RAPID growth of Arab banks has been one of the most dramatic, if unsurprising, features of the international banking market in recent years. OPEC countries which since the oil price explosion of 1973 have placed the bulk of their surplus funds on deposit with Western banking institutions are increasingly using their financial muscle to develop a comprehensive banking structure of their own.

Since OPEC surpluses are recycled through the Euromarkets it was natural for Arab countries and institutions to seek a presence in the centre of that market. London, which now boasts about 10 Arab consortia. It was equally logical that many of them should adopt the status of a consortium bank.

Like the Scandinavian banks which formed consortia in London 10 years ago, the Arab banks have a communality of interests—and a common inexperience of international banking—which makes sense of a joint venture. In some cases Arab institutions also lack the individual size to make a go of international banking on their own.

## Blessing

This was certainly the case when Union de Banque Arabes et Francaises (UBAF), now the largest of all consortium banks, was set up in Paris over 10 years ago with the blessing of President Charles de Gaulle. Since then the number of shareholders has expanded (Arab shareholders now total almost 30) and a London offshoot has been established, with the parent company shareholders owning 50 per cent and Libyan Arab Foreign Bank and Midland Bank sharing the balance.

Another long-established but smaller consortium is the United Bank of Kuwait (UBK), established in the mid-1960s and jointly owned by nine Kuwaiti banks and investment companies. The UBK is fairly active in foreign exchange and Eurobond dealing but it is unlikely that any individual shareholder could have carved out such a niche on its own.

Size is less of an inhibition for the three most spectacular Arab entrants to the international banking market—Arab Banking Corporation (ABC), Gulf International Bank (GIB), and Saudi International Bank. Neither ABC nor GIB is strictly speaking a consortium bank, since their shareholders are Arab states rather than other banks.

ABC is owned by the governments of Libya, Kuwait and Abu Dhabi while the ownership of GIB is shared among all seven Gulf states.

GIB has a sizable operation in London but, like ABC, it is based in Bahrain. Both these institutions share with Saudi International, however, a very short history and a remarkable growth record.

Saudi International, which was established in London in 1976, has seen its total assets grow over that period from £227.6m to £1.23bn. GIB has increased its assets from $769m to $2.89bn in the past two years alone and, most dramatic of all, ABC could boast assets of $2bn by the end of 1980—only a year after it began operations.

Of the three Saudi International is the truest consortium bank. The Saudi Arabian Monetary Agency (SAMA) owns 50 per cent of the shares and a further 5 per cent is held by two Saudi commercial banks. Like UBAF and several other consortium banks, a major stake is held by Western banking institutions. Morgan Guaranty holds 20 per cent of the equity and a further five banks own the remaining 25 per cent among them.

The advantage to the Saudis of this arrangement is principally access to Western bank management. The chief executive of Saudi International, Dr Andreas Prindl, is on loan from Morgan Guaranty.

For the Western banks Arab consortia are a gesture of goodwill as well as a commercial venture. The advantage of cementing relationships with the banks and monetary agencies in the Gulf is self-evident.

As in the case of GIB and ABC, the principal constraint on Saudi International's growth is the availability of qualified personnel rather than access to capital. ABC began life with an authorised capital of $1bn and neither of the other institutions has found it difficult to raise capital from shareholders.

Dr Walid Niazy, the manager of GIB's London office, stresses the importance of the London operation as a training ground for nationals of the Gulf states who will subsequently return to the head office in Bahrain.

The rapid growth of the new Arab banks is a reflection of the funds available from their shareholders. Dr Niazy reckons that around 50 per cent of deposits received by the bank are obtained from shareholders and the principal problem faced by these institutions has been to find remunerative loan business in which to employ the deposits.

## Assembled

Not surprisingly, they have been actively participating in the syndicated loan market, where credit tranches have occasionally been assembled by exclusively Arab syndicates. This was the case, for example, with a recent loan package for Italy's Fiat.

The fast-growing Arab banks have the advantage as newcomers of being able to extend loans without coming up against the country or borrower limits which are beginning to worry the more established banks.

They are stepping up their activity in the market, however, at a time when margins on syndicated loan business are at a low ebb and they have been accused by competitors of keeping these margins at an uneconomical level by bidding too competitively for business.

Dr Prindl, at Saudi International, is unrepentant about his approach. Like Dr Niazy, he stresses that the bank is interested only in high quality, principally sovereign, borrowers and he believes that an adequate return on capital can be made.

Here too size is an advantage. The banks are able to adopt lead management roles in large credits and so earn the fees which compensate for the low margins. Their balance sheets also enable them to accommodate the massive deposits for oil payments which are believed to flow periodically through their treasuries.

But the Arab partnership banks have aspirations well beyond the syndicated loan market. Allied Arab Bank, which was formed four years ago after Barclays and a consortium of mostly Arab investors bought the ailing Edward Bates and Sons, is one example of a bank offering a full range of international banking services.

Gulf International entered the Eurobond market last year and is now developing fund management activities in Bahrain. Portfolio management is also an area which interests Dr Prindl, and with Arab investment in international equity and debt markets on the increase there is clear growth potential for this activity.

The squeeze on lending margins has probably accelerated the shift among some Arab consortia towards investment banking activities. Only three years ago the chief executive of European Arab Bank Limited, the London arm of a major consortium, resigned because the bank was not developing fast enough in investment banking.

For the moment, as Dr Prindl points out, there are advantages for many of the Arab consortia in their dual Middle East and Western personalities. "We present ourselves as an Arab or a Western bank depending on where we are," he says.

The European Arab Bank Group, for example, boasts 10 leading Western banks and a host of prestigious Arab institutions among its shareholders. It claims that its role is to act "as a financial bridge between the Arab and European worlds."

Whether this happy harmony between Western experience and Arab financial muscle can be perpetuated is open to doubt. In some consortia Western shareholders may baulk at being asked to pay in the capital which is required to maintain the often prodigious growth rates. The Arab shareholders, having trained enough of their own personnel, may feel that they would prefer to give their institutions a more definitive Arab character. Political differences in the Gulf could also create problems. But for the moment at least most marriages seem to be working out well.

# Higher iron ore price sought

CANBERRA—Australia and Brazil, two of the world's leading iron ore producers, are to join forces to push for higher prices for the commodity, Mr Doug Anthony, Australia's trade and resources minister said.

The present low prices, coupled with the high cost of mining development and steep interest rates are preventing the development of new mines on a sound economic basis, he warned.

Mr Anthony said he discussed these issues with officials during his recent visit to Brazil.
Reuter

# Plan for new U.S. cotton futures contract

THE COMMODITY Futures Trading Commission (CFTC) will meet on June 30 to consider and possibly vote on a proposal by the New Orleans Commodity Exchange to trade a cotton futures contract.

The Commission will also consider proposals by the Chicago Mercantile Exchange to trade a plywood futures contract and the New York Futures Exchange to trade futures on domestic certificates of deposit.

Meanwhile the first U.S. cotton trade team to China will leave July 10, Cotton Council International (CCI), the overseas arm of the National Cotton Council, said.

China imported more than 2.2m bales of U.S. cotton in 1979-80 and has purchased more than 1.5m bales so far this year, the CCI said.
Reuter.

# Irish sell butter to S. Africa

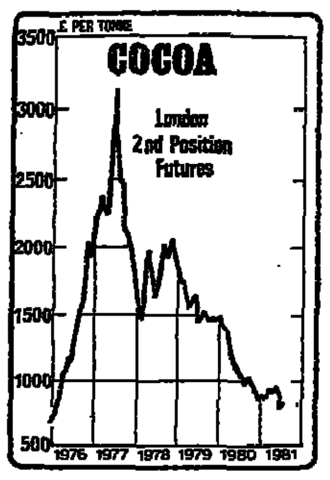
DUBLIN—The Irish Dairy Board has completed a shipment of 1,000 tonnes of salted bulk butter to South Africa. The sale was made to the South African Dairy Board and the contract is valued at I£2m.

South Africa is importing the butter on a temporary basis to help alleviate shortages in its own domestic supplies of dairy products caused by the prolonged drought.
Reuter

# Sharp turnround in cocoa

BY JOHN EDWARDS, COMMODITIES EDITOR

COCOA PRICES rallied sharply on the London futures market reversing, temporarily at least, the downward trend to the lowest levels for 5½-years. September cocoa futures, after dipping to a new low of £786 advanced strongly to close at £836 a tonne, £46.5 up on the previous day.




Main reason for the sudden turnround in the market, according to traders, was profit-taking purchases by speculators who had previously sold "short" but decided values had probably fallen far enough. This trend was encouraged both by some good trade buying at the lower levels and a noticeable absence of selling by producers.

A national holiday in Brazil meant no sales from that country and there were rumours that the Ivory Coast would shortly announce it was sold out of current crop supplies. Also aiding the uptrend in early dealings was the weakness of sterling and later on an unexpectedly strong opening in New York.

Dealers are still very uncertain as to whether the recovery can be sustained. It was pointed out that the market had become very oversold and a technical reaction was long overdue. There is a tendency too not to sell prior to the meeting called in Geneva early next week of countries prepared to support the proposed International Cocoa Agreement, which includes provision for a minimum "floor" price of 110 cents a pound over 35 cents above present market levels.

But the sustained refusal of the Ivory Coast to join the Agreement, in addition to the absence of the U.S. and lukewarm backing from the EEC, does not bode well. Although there is a sizeable buffer stock fund (over $230m) to be carried over from the Agreement that collapsed last year that could be used for support buying, this may not be available if the Ivory Coast persists with its claim for the return of its share of roughly $50m. At the same time the attitude of Brazil, the world's second biggest cocoa producer after the Ivory Coast, is uncertain. Last week the Brazilians refused to go ahead with a plan for suspending exports and fixing minimum prices. Instead responsibility for export price guidelines has been passed over to the Bahia Cocoa Trade Commission, according to a report from Reuter in Rio de Janeiro.

Commission chairman Sr Angela Calmon de Sa said they would adopt a "flexible strategy." But he said there would be strong resistance to any further price falls, especially in view of the modest Temporao crop and "a bleak outlook" for the main crop.

● Coffee prices also recovered yesterday following a "technical reaction." The September position closed £23 higher at £757.5 a tonne.

# U.S. tin compromise rejected

GENEVA — Tin producing countries have turned down an informal approach by the U.S. fo rthem to reopen discussion on stock finance and export controls under a proposed sixth International Tin Agreement.

U.S. negotiators made their bid to reopen the agreement package of chairman Peter Lai yesterday morning, just two days before the United Nations conference is due to end with a draft accord.

The producing country delegates said the U.S. was still pressing for commitments of cash and government guarantees which would enable the buffer stock manager to buy a maximum 50,000 tonne holding under the sixth tin pact.

Mr. Lai's package, widely accepted by other conference participants, specifies cash for the first 30,000 tonnes but says the remainder could be obtained through using stock warrants and, if necessary, government guarantees.

On export controls, the U.S. said it could accept Mr Lai's two-stage scheme, but did not want a possible third regime of curbs before the 50,000 tonnes of tin were accumulated.

"We have said it is far too late to start reopening the package," a producer delegate said, following a meeting of the exporting countries, adding that the UN conference was now within sight of a draft agreement and did not wish to be deflected.

Other conference delegates confirmed that the U.S. had approached producers this morning but said no statement had been made in the chairman's contact group so far.

The U.S. trade representative in Geneva later said the U.S. initiative had stemmed from a cabinet-level meeting in Washington the day before and sought to respond to a demarche by Malaysia, Singapore and Thailand's foreign ministers to Secretary of State Alexander Haig last week.

He said he could give no details of the U.S. proposal but described it as a "major effort" to bridge the gaps in negotiating positions. So far he had received no formal or informal reaction, he added.
Reuter

Strong demand for zinc on the London Metal Exchange yesterday resulted in the price briefly touching £447 a tonne for three months delivery—the highest level for four years. Zinc trading was the main feature of the metals market. After starting the day at £433.25 for three months it closed £7.50 up at £440.75.

Signs of stock shortages in lead developing also encouraged active trading and three months lead finished £10.37 up at £374.75. Other base metal prices were mostly firmer. Aluminium was the only important metal to fall during the day. It closed at £605.75 for cash, a fall of £2.25.

Cash copper wirebars closed at £864.5, a gain of £4. Tin put on £105 for cash to finish at £6,440.

# Canada looks for bumper grain crop

By Victor Mackie in Ottawa

WESTERN CANADA appears headed for a record in grain production this year, led by exceptionally large wheat and barley crops.

Mr John Clark, of the United Grain Growers of Winnipeg, forecasts a crop of 41.8m metric tonnes compared with 38.4m tonnes in 1976.

Mr Clark said Western Canada has experienced "practically perfect weather" since the crop was seeded. Even the parched south central section of Saskatchewan has experienced good rainfall during the past weeks when it was needed the most.

Acknowledging that forecasts at this time of the year is a risky business Mr Clark said however that two of four stages that points to the ultimate yield have been reached and so far the signs are positive.

Grain prices have weakened in recent weeks. "But a bumper crop can help overcome a lot of price discrepancies" he said.

The UGG crop forecast is based on two factors: the large acreages seeded this year and a projected yield per acre. At this time of year yields are estimated on the basis of the number of "spikes" produced by the seed and the number of heads per seed. Both of these indicate very high yields.

By mid-July another forecast is due on the basis of the number of kernels per head and in August the final projection is based on the weight of each kernel. Both developments depend on the weather. Ideal weather could raise estimates even higher but the present forecast assumes normal conditions.

● India's Minister of State for Agriculture R. V. Swaminathan said there is no plan to import wheat in the 1981-82 marketing year (April/March).

He described as "false" reports in the U.S. grain trade saying India is expected to decide in the next few weeks whether to import up to 2m tonnes of wheat for shipment this year.

# Brussels lifts sugar sales

BY OUR COMMODITIES EDITOR

THE EEC Commission yesterday authorised the export of a massive 182,350 tonnes of white sugar at its weekly selling tender. This is by far the biggest weekly export figure authorised this season and traders claimed it could be the biggest ever. It compared with export authorisations of only 9,250 tonnes last week.

Reflecting the firm tone in the world market, the maximum export subsidy granted was cut to 14.97 European currency units per 100 kilos against a rate of 16.099 units last week.

Although traders had been expecting a considerable increase in EEC export authorisations this week, after the previous low figure, the total of 82,250 tonnes took the market by surprise. Futures values dipped, with the October position closing nearly £2 down at £199.375 a tonne. In New York prices were the permissable limit down in early trading.

The EEC confirmed recently it was sticking to its target of disposing of another 500,000 tonnes of surplus sugar this season in order to reduce Community stocks to a reasonable level. If necessary the Commission said it would continue export tenders until August, well after the official end of the season. However yesterday it took advantage of some strong demand from traders to boost exports considerably and go a long way towards meeting the target.

Reuter reported from New Delhi that Indian Minister of State for Agriculture, R. V. Swaminathan, has denied report that the Government was negotiating to purchase white sugar from the London market.

Mr Swaminathan said: "We are not at the moment negotiating imports of any quantity of sugar from any source."

He was commenting on reports by London traders that the State Trading Corporation (STC) was negotiating to buy at least 140,000 tonnes of white sugar.

"The reports are baseless, and we do not intend to import sugar as we have sufficient factory stocks to meet domestic demand," the Minister added.

Indian Agriculture Minister, Rao Birendra Singh, told parliament last April India might import sugar in a bid to check spiralling sugar prices in the domestic market.

However, prices fell this week following the release of a large quantity of sugar by the Government for sale through open market and state-run "fair price" shops.

GATT

# EEC sugar export policy attacked

BY BRIJ KHINDARIA IN GENEVA

THE COMMON MARKET has assured GATT, the world's trade watchdog body, that it will soon clarify how it intends to alter its policy of aiding sugar exporters, following complaints by Australia and Brazil that the policy violates GATT rules.

The assurance came at a meeting of GATT's decision-taking council at which Australia complained that the Community is dragging its feet over changing its policies in spite of a council recommendation asking for changes.

Under its Common Agricultural Policy (CAP) the Community encourages sugar exports when domestic sugar prices are higher than world prices by reimbursing producers the difference between the two prices. The aim is to prevent "mountains" of excessive supplies of sugar building up in the Community.

The Community representative of the GATT meeting, Tran Van Thinh, told the Council that the EEC's executive Commission is still working out details of its sugar policies including the exact sze of reimbursements given to encourage exports. The council would be notified as soon as this work is completed and approved by the Community's own decision-taking bodies.

But no radical changes are likely.

Australia told GATT that it was not satisfied with the EEC's answer. Its representative said EEC sugar export policies had severely damaged the interests of Australian sugar exporters.

Australian deputy prime minister, Doug Anthony, strongly attacked the Community over its sugar sales during a visit to Rio de Janeiro last weekend. He said the EEC is "dumping 70,000 tonnes of sugar a week on to the world market that has a subsidy content of $160 per tonne.

"This is depressing world prices and completely undermining the successful operation of the international sugar agreement, which applies discipline on sugar-producing nations around the world," he added.

The EEC does not belong to the sugar Agreement and has said it will stay out as long as some of the accord's provisions conflict with its own Common Agricultural Policy.

An inquiry panel of GATT's council ruled last year that the EEC's reimbursements system for sugar has the effect of an export subsidy and therefore provides unfair competition for sugar exported by other countries, including Australia and Brazil.

While recognising that the complaint from both countries was justified because their "GATT rights were impaired" the panel said that no precise figure could be put on the damage done to their exporters' interests because of the EEC policy.

However, it asked the Community to change the way in which the reimbursements system works to bring it in line with the basic GATT structure that help given to exporters should not cut into the market shares of exporters from other countries.

The Community feels that its hands are tied because the reimbursements system is a fundamental tenet of its Common Agricultural Policy and cannot be significantly altered without changes in the Policy. Altering CAP involves complex political decisions which will take a long time in coming.

# BRITISH COMMODITY MARKETS

## BASE METALS

Base metal prices were mostly firmer on the London Metal Exchange, although the gains achieved during the morning as sterling weakened could not be sustained as the currency gained strength during the afternoon. Copper closed at £889.5, Tin at £378 and Lead at £378 after some U.S. buying. Aluminium, a weak market of late, was the only major base metal to lose ground on the day, closing at £625. Zinc finished at £433 and Nickel at £3,170.

| COPPER | a.m. Official | + or — | p.m. Unofficial | + or — |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| Wirebars | | | | |
| Cash | 867.5 | -6 | 864.5 | +4 |
| 3 months | 892.5-3 | -6 | 889.5-90 | +4 |
| Settlem't | 867.5 | -6 | — | ..... |
| Cathodes | | | | |
| Cash | 859-61 | +5.75 | 858-.5 | -4.5 |
| 3 months | 882.5-3 | -6.6 | 880-1 | -4.75 |
| Settlem't | 861 | -6.5 | — | ..... |
| U.S. Prod | | | *83.5-7 | |

Amalgamated Metal Trading reported that in the morning copper cash wirebars traded at £867.5, three months £890, 89.5, 90, 92, 91, 92, 93, 92, 92.5, 92, 92.5. Cathodes, three months £882.5. Kerb Wirebars, three months £892.5, 92, 93.5, 92, 92.5, 93. Afternoon: Wirebars, three months £892, 91.5, 91, 90, 89.5. Cathodes, cash £858, three months £880. Kerb, Wirebars, three months £889.5, 89, 89.5, 90. Turnover: 13,375 tonnes.

| LEAD | a.m. Official | + or — | p.m. Unofficial | + or — |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| Cash | 372.5-3.5 | -11 | 374.5 | +11 |
| 3 months | 378-.5 | -9.5 | 374.5-80 | +10.3 |
| S'ment | 373.5 | -12 | — | |
| U.S. Spot | — | .... | *38 | |

Lead—Morning: cash £370, 73, three months £376, 76.5, 77, 78, 79, 78.5, 78. Kerb: Three months £377.5, 77. Afternoon: three months £378, 78.5, 79, 79.5. Kerb: Three months £379.5, 79, 79.5, 80, 79. Turnover, 13,075 tonnes.

| TIN | a.m. Official | + or — | p.m. Unofficial | + or — |
|---|---|---|---|---|
| High Grade | £ | £ | £ | £ |
| Cash | 6415-20 | +72.5 | 6435-45 | +105 |
| 3 months | 6540-5 | +67.5 | 6565-70 | +1020 |
| Settlem't | 6420 | +70 | — | ...... |
| Standard | | | | |
| Cash | 6415-20 | +72.5 | 6435-45 | +105 |
| 3 months | 6540.5 | +67.5 | 6565-70 | +102 |
| Settlem't | 6420 | +70 | — | ...... |
| Straits E. | $29.20 | -0.04 | | ...... |
| New York | — | ...... | | |

Tin — Morning: Standard, three months £6,510, 20, 25, 30, 35, 40, 45. Kerb: Standard, late-September £6,540. Afternoon: Standard, three months £6,535, 40, 45, 50, 60, 70. Kerb: Standard, three months £6,565, 60, 55, 50. Turnover: 1,130 tonnes.

| ZINC | a.m. Official | + or — | p.m. Unoffic'l | + or — |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| Cash | 447-9 | +12.5 | 443.4 | -9 |
| 3 months | 443-4 | +9.75 | 440.5-1 | +7.5 |
| S'ment | 449 | -15 | — | |
| Primw'ts | — | .... | *46.5 | |

Zinc—Morning: Three months £440, 41, 42, 45, 45, 47, 45, 45, 44, 43. Kerb: Three months £444, 43.5, 43. Afternoon: Three months £443, 42, 41, 40, 40.5. Kerb: Three months £440, 39.5. Turnover 12,275 tonnes.

| Alumin'm | a.m. Official | + or — | p.m. Unoffic'l | + or — |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| Spot | 611-3 | -2.5 | 605.6.5 | -2.25 |
| 3 months | 632-.5 | -2.5 | 626.5-7 | -2.25 |

Aluminium—Morning: Three months £632.5, 33, 32.5, 32. Kerb: Three months £632. Afternoon: Three months £631, 30, 29, 28.5, 28, 27.5, 28, 27, 26, 27. Kerb: Three months £627, 26, 25, 25.5, 25. Turnover 8,025 tonnes.

| NICKEL | a.m. Official | + or — | p.m. Unoffic'l | + or — |
|---|---|---|---|---|
| Spot | 3125-30 | +47.5 | 3125-35 | +50 |
| 3 months | 3160-70 | +55 | 317-05 | +42.5 |

* Cents per pound. ‡ M$ per kilo. † On previous unofficial close.

Nickel—Morning: Cash £3,125, three months £3,165. Afternoon: Three months £3,165, 70, 75. Kerb: Three months £3,170. Turnover: 318 tonnes.

## SILVER

Silver was fixed 1.6p an ounce lower for spot delivery in the London bullion market yesterday at 510.6p. U.S. equivalents of the fixing levels were: spot $10.11, down 13.2c; three-month $10.546, down 14.8c; six-month $10.944, down 14.2c; and 12-month $11.72, down 14.5c. The metal opened at 512-514p ($10.20-10.25) and closed at 506½-511½ ($10.05-10.15).

| SILVER per troy oz. | Bullion fixing price | + or — | L.M.E. p.m. Unoffic'l | + or — |
|---|---|---|---|---|
| Spot | 510.60p | -1.6 | 509.0p | -4.45 |
| 3 months | 526.00p | -1.7 | 524.25p | -4.45 |
| 6 months | 541.80p | -1.7 | — | .... |
| 12 months | 576.80p | -0.7 | — | .... |

LME—Turnover 33 (78) lots of 10,000 ozs. Morning: three months 525, 26.5, 25.5, 26, 26.5, 27, 27.5. Kerb: three months 527. Afternoon: three months 525, 24.5, 24. Kerb: three months 524.

## COCOA

In the absence of further producer sales futures rallied on trade and Commission House shortcoverings to close with large gains. Physical business was scarce as manufacturers showed no interest at the higher levels, reports Gill and Duffus.

| COCOA | Yes'rday's Close | + or — | Business Done |
|---|---|---|---|
| July | 793-794 | -32.5 | 795-795 |
| Sept. | 835-837 | -46.5 | 836-766 |
| Dec. | 873-874 | -44.0 | 874-826 |
| March | 903-905 | -43.5 | 904-856 |
| May | 923-929 | -45.5 | 926-875 |
| July | 945-947 | -47.0 | 947-894 |
| Sept. | 964-965 | -48.0 | 964-910 |

Sales: 5,865 (3,995) lots of 10 tonnes.

ICCO Futures—Daily price for June 23: 73.31 (73.40); five-day average 73.54 (74.41).

## COFFEE

In line with expectations London opened marginally higher, reports Drexel Burnham Lambert. Prices maintained a steady tone as continued short covering and profit-taking fuelled the advance. An uninspiring New York opening saw values ease slightly before finishing on a stronger note.

[illegible]

515.0: Dec 519.0, 525.0, untraded. Sales: 288.

## GAS OIL FUTURES

All months opened lower, responding to the stronger dollar and a weaker New York close, before rallying on renewed buying interest. Prices fell to the lows as trade buying stopped, whereafter the near months rallied again, reports Premier Man.

[illegible]

## SILVER

[illegible]

## GRAINS

[illegible]

## WHEAT / BARLEY

[illegible]

## SUGAR

[illegible]

## COTTON

[illegible]

## POTATOES

[illegible]

## RUBBER

[illegible]

## WOOL FUTURES

[illegible]

## SOYABEAN MEAL

[illegible]

## MEAT/VEGETABLES

[illegible]

at lower level and the market closed mixed to mostly lower.

| | Yesterdys Close | + or — | Business Done |
|---|---|---|---|
| | £ per tonne | | |
| August | 125.90-24.2 | -1.05 | 124.80-24.00 |
| October | 128.00-28.2 | — | 128.50-28.00 |
| December | 135.50-35.6 | -0.55 | 135.00-35.50 |
| February | 136.50-37.0 | -0.55 | — |

[illegible]

## PRICE CHANGES

In tonnes unless otherwise stated.

| | June 24 1981 | + or — | Month ago |
|---|---|---|---|
| **Metals** | | | |
| Aluminium | £810/815 | ........ | £810/815 |
| Free Mkt | $1215/1245 | ........ | $1235/525 |
| Copper | | | |
| Cash w'bar | £864.5 | +4 | £831 |
| 3 mths | £889.75 | +4 | £855.25 |
| Cash Cathode | £858.25 | +4.5 | £825 |
| 3 mths | £880.5 | +4.75 | £844.75 |
| Gold troy oz | $461.5 | -4 | $467 |
| Lead Cash | £374.5 | +11.25 | £329 |
| 3 mths | £379.75 | +10.37 | £338.625 |
| Nickel | £3,504.50 | ........ | £3,504.50 |
| Freemkt | 275/285c | ........ | 295/305c |
| Platin'mtr'y oz | £247.0 | ........ | £230 |
| Freemkt | £228.25 | -2.6 | £215.35 |
| Quicksilver† | $420/430 | ........ | $420/430 |
| Silver troy oz | 510.60p | -1.6 | 496.60p |
| 3 mths | 526.00p | -1.7 | 511.80p |
| Tin Cash | £6,440 | +105 | £6,095 |
| 3 mths | £6,570 | +102.5 | £6,227.5 |
| Tungsten 22.04lb | $145.09 | ........ | $143.75 |
| Wolfrm 22.04 lbs | $147/149 | ........ | $145/146 |
| Zinc Cash | £443.5 | +9 | £396.25 |
| 3 mths | £440.75 | +7.5 | £405.75 |
| Producers | $925 | ........ | $925 |
| **Oils** | | | |
| Coconut (Phil) | $575x | -10 | $567.5 |
| Groundnut | ‡ | ........ | ‡ |
| Linseed Crude | £442 | ........ | £425 |
| Palm Malayan | $607.5z | -25 | $622.5 |
| **Seeds** | | | |
| Copra Philip | $370r | ........ | $390 |
| Soyabean (U.S.) | $291 | ........ | $310 |
| **Grains** | | | |
| Barley Fut. Sep | £95.25 | ........ | £95.20 |
| Maize | £127.25 | -0.25 | ‡ |
| Wheat Fut. Sept | £100.20 | +0.15 | £101.10 |
| No2 Hard Wint | £109 | ........ | £106.25 |
| **Other commodities** | | | |
| Cocoa ship't* | £897 | +47 | £945 |
| Future Sept | £836 | +46.5 | £857.5 |
| Coffee Ft' Sept | £757.5 | +23 | £991.5 |
| Cotton A. Index | 87.40c | ........ | 87.45c |
| Gas oil July | $285.25 | +0.25 | $273.5 |
| Rubber (kilo) | 57.5p | -1 | 59.0p |
| Sugar (Raw) | £202w | +2 | £200 |
| Woolt'ps 64s kl. | 361p kilo | ........ | 338p kilo |

‡ Unquoted. v June-July. w July-Aug. y July. z Aug. † Per 76-lb flask. [illegible]

# AMERICAN MARKETS

NEW YORK, June 24.

PRECIOUS METALS and copper declined sharply as interest rates remained steady to higher. Cocoa prices advanced sharply as rumours of Ivory Coast suspending sales caused short covering. Sugar market sold off on report of heavy EEC tenders. Short covering in coffee lifted the market from season's lows. Heating oil prices drifted [illegible]

[illegible]

Feb 66.60-66.80, April 67.65-67.70, June 68.95.

Live Hogs—July 54.60-54.82 (54.52), Aug 55.10-55.25 (55.05), Oct 53.50-53.60, Dec 56.15-56.00, Feb 57.10-56.92, April 55.60, June 58.25, July 58.50.

‡‡Maize—July 339¼-338¾ (341), Sept 347 (349), Dec 355¼-354¼, March 369-369¾, May 377-377¼, July 381½.

[illegible]

## Tuesday's closing prices

[illegible]

# EUROPEAN MARKETS

PARIS, June 24.

Cocoa—(FFr per 100 kilos): July 861/880, Sept 915/925, Dec 970/985, March 1000/1020, May 1027/1038, July 1047/1057. Sales at call: nil.

Sugar—(FFr per tonne): Aug 2416/2419, Oct 2330/2335, Nov 2320/2345, Dec 2325/2340, March 2411/2420, May 2430/2460, July 2435/2470, Aug 2440/2490. Sales at call: Two.

Maize—(U.S. $ per tonne): U.S. No. Three Corn Yellow afloat June 153, July 152.50, Aug 155, Sept 157.50, Oct 160, Nov 161.50, Dec 164, Oct/Dec 161.75, Jan/March 170.50.

Soyabeans—(U.S. $ per tonne): U.S. Two Yellow Gulfports July 285, Aug 287, Sept 291, Oct/Nov 295, Dec 302, Jan 307.50, Feb 313.50, March 319, April 322, May 323.50. Argentine June/July 279, Aug 282, Sept 288 sellers.

Soyameal—(U.S. $ per tonne): 44 per cent protein U.S. afloat 235/234 traded, afloat 233, June/July 234, Aug 243, Sept 248, Oct 253, Nov/March 265 sellers: Brazil Pellets afloat 239.25 traded, afloat 239.50, July 243, Aug 251, Sept 256.50, Oct 262, Nov/March 275 sellers.

ROTTERDAM, June 24

Wheat—(U.S. $ per tonne): U.S. Two Dark Hard Winter 13.5 per cent July 201, Aug 204, Sept 206. U.S. No. Two Red Winter June 147, July 150. U.S. No. Two Northern Spring 14 per cent July 192, Aug 191, Sept 194.

## INDICES

### FINANCIAL TIMES

| June 23 | June 22 | Month ago | Year ago |
|---|---|---|---|
| 244.48 | 246.37 | 251.62 | 265.77 |

(Base: July 1, 1952=100).

### MOODY'S

| June 23 | June 19 | Month ago | Year ago |
|---|---|---|---|
| 1086.8 | 1089.6 | 1081.8 | 1161.9 |

(December 31, 1931=100)

### DOW JONES

| Dow Jones | June 23 | June 19 | Month ago | Year ago |
|---|---|---|---|---|
| Spot | 373.60 | 374.26 | 392.21 | 431.90 |
| Fut'r's | 373.70 | 375.22 | 396.39 | 443.71 |

(Average 1924-25-26=100)

### REUTERS

| June 24 | June 23 | M'nth ago | Year ago |
|---|---|---|---|
| 1737.8 | 1737.0 | 1707.7 | 1679.7 |

(Base: September 18, 1931=100)



## LEGAL NOTICES

THE COMPANIES ACT, 1948

[illegible]

## PUBLIC NOTICES

[illegible]

## PERSONAL

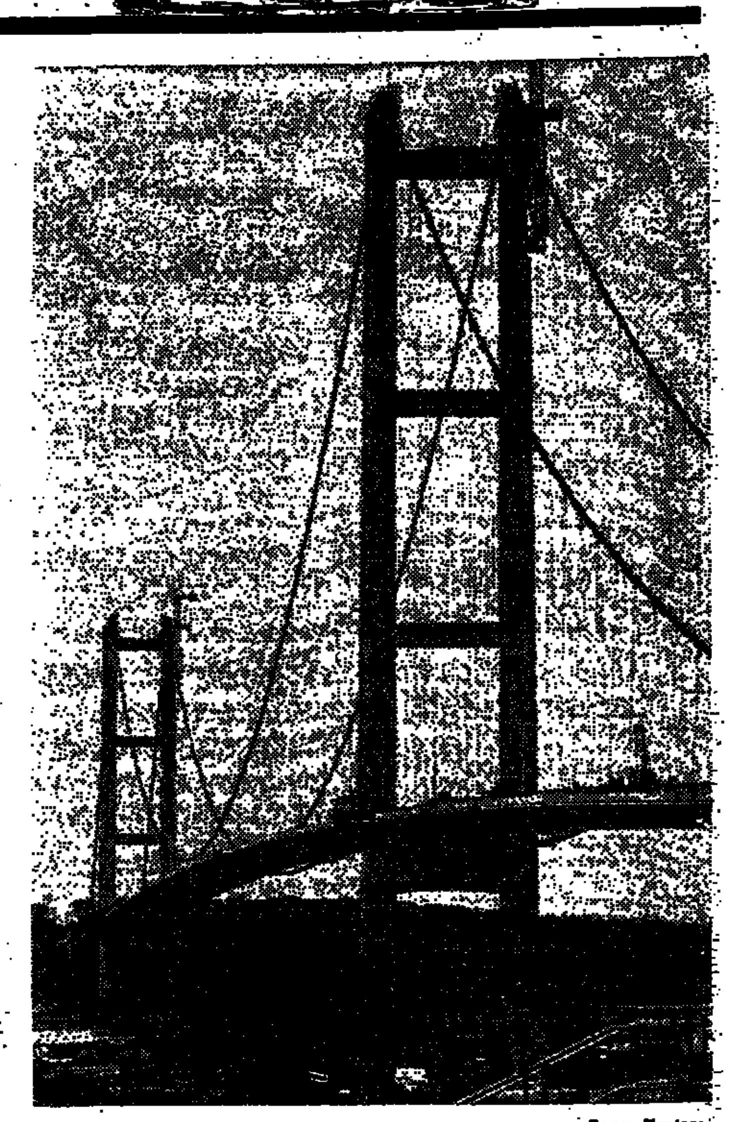
[illegible]

FINANCIAL TIMES SURVEY

Thursday June 25 1981

# Humber Bridge

**The Humber Bridge has had more than its share of criticism, but as it opens to traffic, five years late and at vastly inflated cost, its proponents look forward to a new era of prosperity as it unifies the two parts of Humberside.**



Roger Taylor

*Fifteen years after its construction was authorised, the bridge stands ready for traffic*

## Last link in a motorway chain

**By Anthony Moreton**
*Regional Affairs Editor*

FIFTEEN YEARS ago Mrs Barbara Castle electrified a by-election meeting in Hull when she announced that the Labour Government had authorised the building of a bridge over the Humber Estuary, a project that had been talked about on both banks of the estuary for over a century.

One observer at the meeting, now a senior official in local government, recalls that there was a momentary silence after the Transport Minister made her announcement and then a great burst of cheering broke out.

Not everyone was quite so enthusiastic the next morning. It was alleged by the Conservatives that Mrs Castle was offering the electors a political carrot. Later critics called the bridge a white elephant or, more cruelly, "the bridge which goes from nowhere to nowhere."

Fifteen years later the Humber bridge has become a reflection of all that is best in British engineering and, unfortunately, not a little of the worst. It has found its way into the record books by becoming the longest single-span bridge in the world. At 4,626 feet it is 366 feet longer than the previous record holder, the Verrazano-Narrows bridge which links Manhattan with up-state New York and is 426 feet longer than San Francisco's Golden Gate. From start to finish it is almost 1¼ miles across.

During the construction period the bridge quickly became a focal point for the locals. The viewing areas were often full and there is little doubt that the bridge will become something of a tourist attraction in its own right, as the Severn Bridge between England and Wales already has. Coach operators have started advertising itineraries via the bridge and a large amount of weekend traffic is expected to use the bridge just for an outing.

The other, less attractive, aspect is that the bridge is late—very late indeed. Construction work began in 1972 and was expected to last about four years. So the opening to traffic (the Queen officially opens the bridge on July 17) is about five years behind schedule. In the intervening period the cost has naturally shot up, from an original £30m to about £88m.

In one sense the delays have been a blessing. Had the bridge opened on time the attendant motorways would not have been ready; now the bridge is the final side in a motorway box which will have important consequences on the economy of Humberside and even further afield into Yorkshire and Lincolnshire.

The northern side of this motorway box comprises the M62 which takes Hull traffic across the M1 and M6 into the heart of Liverpool. The southern side comprises the M180 which takes traffic west, past Scunthorpe to the M18 (the north-south side of the box) which also connects with the A1 (M) and the M1. The M180 will eventually by 1984 be extended to Immingham. The bridge is the essential and final part of the eastern side of the box; the roads have now been completed.

### Pressure

There is now just one major deficiency—a north-south trunk road through the area linking Lincoln with Teesside. Since traffic will inexorably be drawn to such a route as the bridge gains in popularity, pressure is bound to grow for such a route. The Ministry of Transport is bound to have to consider the possibility of upgrading the A15 between Lincoln and the bridge and the A19 from the bridge into Middlesbrough.

The bridge will also help to develop Humberside as a region. At the moment there is very little economic unity between the two sides of the estuary even though each has a lot to offer the other.

As far as a county feeling is concerned, this is almost non-existent. Humberside was created in 1974 as part of the local government reforms of Mr Peter Walker, then the Environment Secretary. But those on the south bank still resolutely consider themselves natives of Lincolnshire and those on the north bank continue to be Yorkshiremen.

This affinity to former counties will only disappear if it can be shown that the seven-year-old Humberside can develop an economic entity. What the bridge offers is the prospect that Hull will develop as the region's capital, with an enhanced shopping centre, and the area between Immingham and Grimsby will continue to attract new industry.

Some moves in this direction had taken place even before the creation of Humberside. The Humber is the last major estuarial area available for large-scale industrialisation in Europe. It has attracted petrochemicals, power generation and a number of other industries such as chemicals and the manufacture of gasses. Inland, not far away at Scunthorpe, is steel.

It has land available in large quantities. There are perhaps 3,000 acres designated for industrial use and the area is a leading candidate for Nissan's motor plant should the Japanese company decide to build in Britain. When Nissan revealed that it wanted an 800-acre flat greenfield site, a giant area by any standards, Humberside almost smiled. It could accommodate three or four Nissans.

The Central Electricity Generating Board alone is sitting on 900 acres and has spent £11m putting in the necessary infrastructure. Some 350 acres of these are on the river bank and were prepared for a generating station as long ago as 1973, when the first oil crisis caused the authority to rethink its policy vis-a-vis coal and gas as a source of primary fuel.

Glanford Borough Council has already developed 40 acres at Killingholme Airfield and intends to start work on another 40 acres at Barton, where the bridge comes ashore on the southern side of the estuary, and is considering a major warehousing - distribution complex at Elsham Airfield.

This part of England is dotted with disused airfields, many of which could be converted to industrial use. During the last war they were mostly bomber stations and so were built with long runways and firm foundations to take the heavy payloads of their aircraft.

### Scarce

The industrial attractions of the southern part of the county are the greater because industrial land is far more scarce on the north bank. In Hull, for instance, the 250-acre Sutton Fields Industrial Estate should be filled within two years. There is some space where the city runs up against the Humber, but the attractions of these areas cannot begin to compare with the Immingham-Grimsby complex for large-scale industry.

Where Hull can fight back is in its service sector. Although the city is short of good hotels (despite the addition of a small development in the Waterfront Hotel facing a disused dock) enormous strides have taken place in its shopping centre.

A scheme for 10 shops is being undertaken at the southern end of Charles Street, a rundown area, and 30,000 sq ft are being built in Bond Street, with one operator taking 40,000 sq ft of this, and another 30,000 sq ft being allocated to a market.

More important, though, is the interest which has suddenly emerged in putting up supermarkets or hypermarkets near the northern end of the bridge. David Gill, director of planning for Humberside County Council, reports that three firm applications have been received and another four inquiries made in the past month or so for developments between 30,000 and 80,000 sq ft.

These moves are being felt in Hull with some trepidation. Hull's centre languished for years, partly because of its geographical location. Philip Larkin once wrote of his adopted city: "Here only relations and salesmen come."

In the last 10 years that has changed and now the bridge offers the prospect of a city of 300,000 growing to be a city dominating a region of more than ½m people. If many of those people are to concentrate their buying on a small area to the west of, and outside, the city then further development, already badly hit by the run-down of the fishing fleet, will be hampered.

For a potential industrialist the area now has a pool of labour which is adaptable and easily retrainable. When BSC's Normanby plant at Scunthorpe is eventually closed it will mean another 9,000 jobless. With the unemployed in the county having reached 13 per cent there are now around 42,000 out of work.

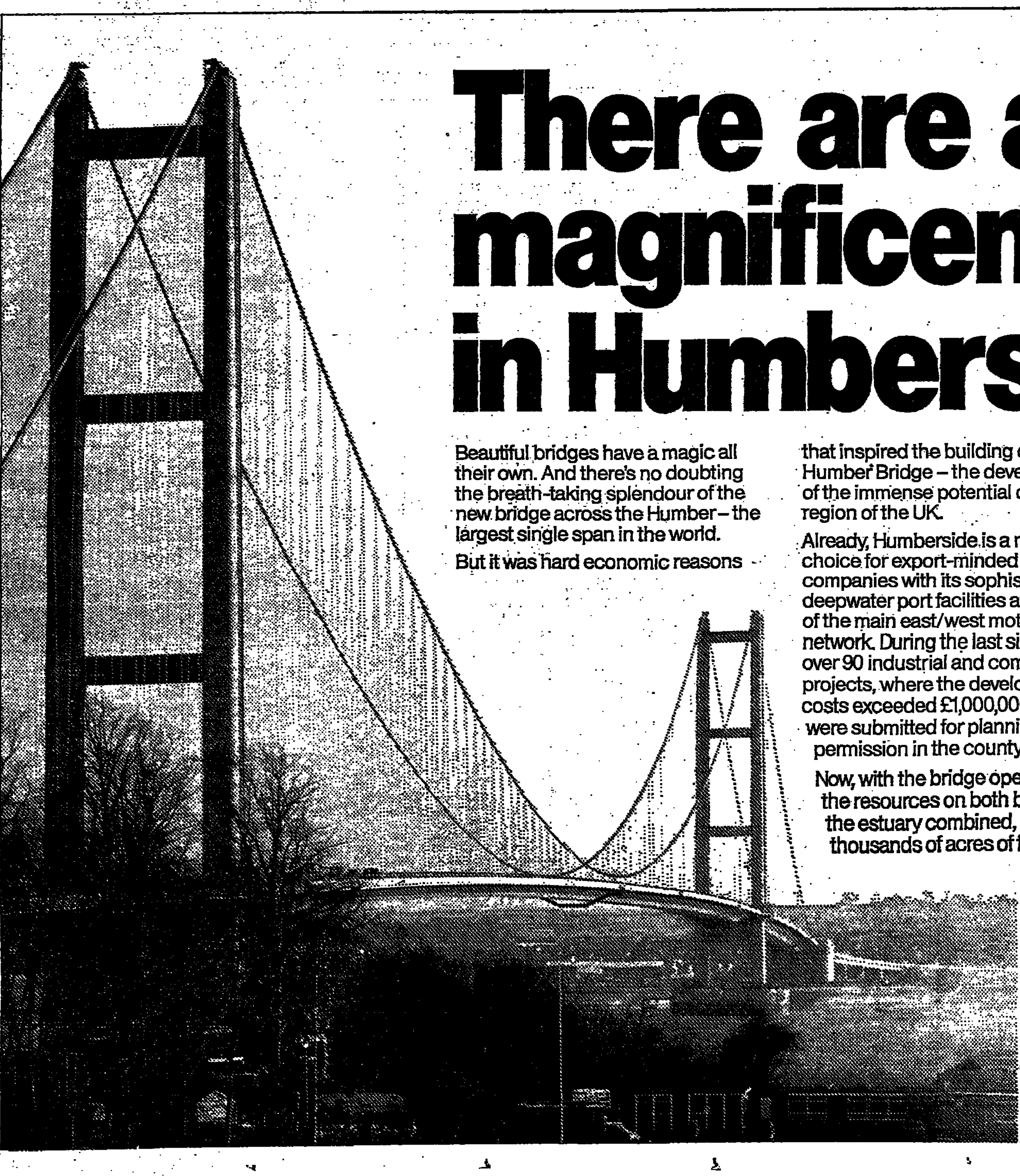
Although many of these are former steelmen, the area has a good record on retraining. When the petrochemical industry arrived in the county there were no instrument makers available; now there are plenty. It is this aptitude for retraining to another skill which offers such good hope for the future.

The bridge offers the hope that an integrated Humberside will emerge, welding the two parts of the county together and helping to bring economic prosperity. The pity of the whole operation is that those responsible for the bridge's operations have not had the same foresight and drive as those responsible for the county's economic welfare.

The bridge has been operated in an amateurish way, allowing all the running to be made by the critics. Phrases like "white elephant" have been bandied about, phrases which have never been refuted. The positive aspects of the bridge and the advantages it can bring to an area of England that is off the beaten track have been allowed to go by default.

Even today, as the traffic flows, there is no service area for the thousands who will flock to the bridge purely as visitors. Experience elsewhere has shown that the bridges can be big tourist attractions, generating considerable income. The Humber Bridge will attract no such income because it has nothing to offer the passing spender.

This omission will no doubt be rectified in time. It is a pity that such an architectural and engineering achievement will not be complimented in this way immediately.



# HUMBER BRIDGE II

## Telford's concepts refined through two centuries

EVERYBODY MUST know by now that the main span of the Humber Bridge is the longest in the world. At 1,410 metres, it is 112 metres longer than the Verrazano Narrows bridge in New York harbour, and over 130 metres longer than the Golden Gate in San Francisco.

The bald figures give little idea of the real scope of the enterprise. It is so long that the curvature of the earth had to be taken into account in the planning. The towers on either side which support the entire structure are 36 mm farther apart at the top than at the bottom. There is no other sensible method of supporting such an immense span at present except by using suspension techniques.

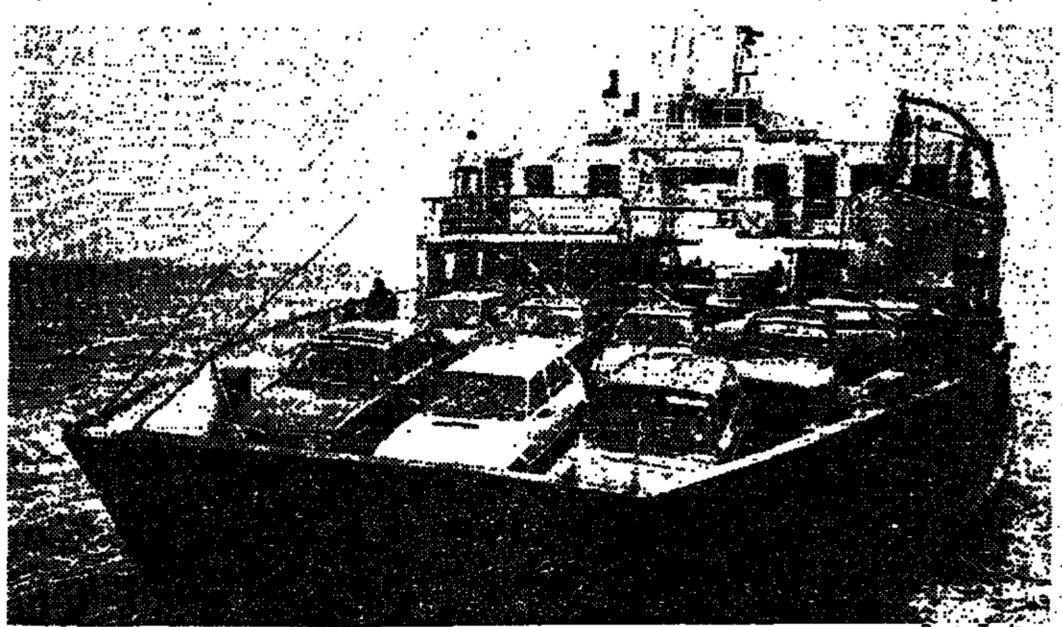
The deck of the bridge is hung from two cables which run from anchorages on each side of the river and pass over towers 155.5 metres high. The weight of steel in the box girder sections which make up the deck of the bridge is 16,500 tons, exerting a force of 14,000 tonnes on each cable at the anchorage.

Suspension bridges go back quite some way; in the early 1800s the great engineer Thomas Telford rejected Isambard Kingdom Brunel's first designs for the Clifton Suspension Bridge on the ground that the span was too great. Brunel's designs include spans varying between 870 and 916 feet; state-of-the-art stuff at that time, and longer than any suspension bridge then built.

Telford declared that the maximum safe span for a suspension bridge was 600 feet. A bridge of greater dimensions than this, he ruled with the wisdom of his 70-odd years, could not offer sufficient lateral resistance to wind pressure.

Telford, of course, did not have the advantage of using box-girder construction — that was more than 100 years off. But the Humber Bridge, with well over 4,000 ft of main span, is designed for wind speeds of 48 m/sec at deck level and 66 m/sec at the tower top.

Suspension bridges bring their own problems. The two main cables each contain 14,948 wires of 5 mm diameter, bundled up as 37 separate strands; because of the steep rake of the north side span (the Humber Bridge is unusual in that it is markedly asymmetrical with side spans of 280 metres on the north side and 550 metres on the south) there are an additional 800 wires in the Hessle side span.



Roger Taylor

*The Humber ferry—now redundant—making one of its last crossings*

**SUSPENSION BRIDGES**

ALAN CANE

The cables were "spun" in position using a spinning wheel, the traditional method for long-span suspension bridges. This process is totally unlike the way thread is made. The 5 mm wires are not twisted or woven but simply carried across the river between the two towers by the spinning wheel.

The individual strands are laid in place over a massive metal saddle at the top of each of the two suspension towers; at the anchorage, the 37 strands are separated, splayed out and attached to steel cross-head slabs on the face of the anchorage block.

Seventy thousand kilometres (43,000 miles) of wire were used in creating the cables weighing at total 11.000 tonnes.

After spinning, the strands were compacted together in a cylindrical form, coated with red lead paste, bound with galvanised soft steel wire and given five coats of paint.

(One of the less obvious advantages a box-girder suspension bridge has over a traditional trussed structure is that it needs less paint and it is easier to paint. There are no slotted members or awkward lattice work.)

After spinning and compacting, the hanger "ropes" (they are actually high tensile steel wires approximately 62 mm in diameter) from which the deck is suspended, were attached to the cables by giant clamps.

In conventional suspension bridges, the hanger ropes fall vertically from the suspension cable to the deck.

The Humber Bridge hanger ropes are triangulated—they fall at an angle, an arrangement which enables them to transmit horizontal forces between the deck and the main cables. This has a dampening effect on oscillations which might otherwise threaten the safety of the bridge.

This method of attaching the deck was devised by Sir Gilbert Roberts who picked up the mantle of Sir Ralph Freeman on his death in 1950. Roberts, who died in 1978, was made a Fellow of the Royal Society for his work on bridge design.

The towers over which the suspension cables run comprise two vertical, reinforced concrete legs braced together with four reinforced concrete horizontal beams.

They were created using an advanced building technology called "slip-forming." A mould or working platform was built; new steelwork and wet cement went in the top of the mould, set reinforced concrete emerged at the bottom as the platform rose slowly into the air.

The towers were built by Tileman and where delays and setbacks were the norm rather than the exception, the speed and efficiency with which the towers were built is reckoned to be one of the jewels in the crown of the Humber Bridge project.

## Lower profile cuts wind resistance

IF THE railway companies operating on Humberside 100 years ago had been able to realise their dream of a bridge across the river, it would have been far different from the elegant structure which now spans the Humber from Hessle to Barton.

The railways were in the vanguard of local campaigns for a bridge or tunnel to link the north and south sides, of the Humber Estuary, but the magnitude of the task was beyond them.

Indeed, it was not until 1955 that a proposal for a suspension bridge put forward by the consulting engineers, Freeman Fox and Partners, led to the formation of the Humber Bridge Board — and in the intervening century, bridge building techniques had moved on apace.

The 1955 proposal was for a then quite revolutionary suspension bridge using box girder construction. Earlier designs, for example one put forward in 1930 by the late Sir Ralph Freeman, who was to go on to become senior partner in Freeman Fox and Partners, were for a multi-span trussed bridge.

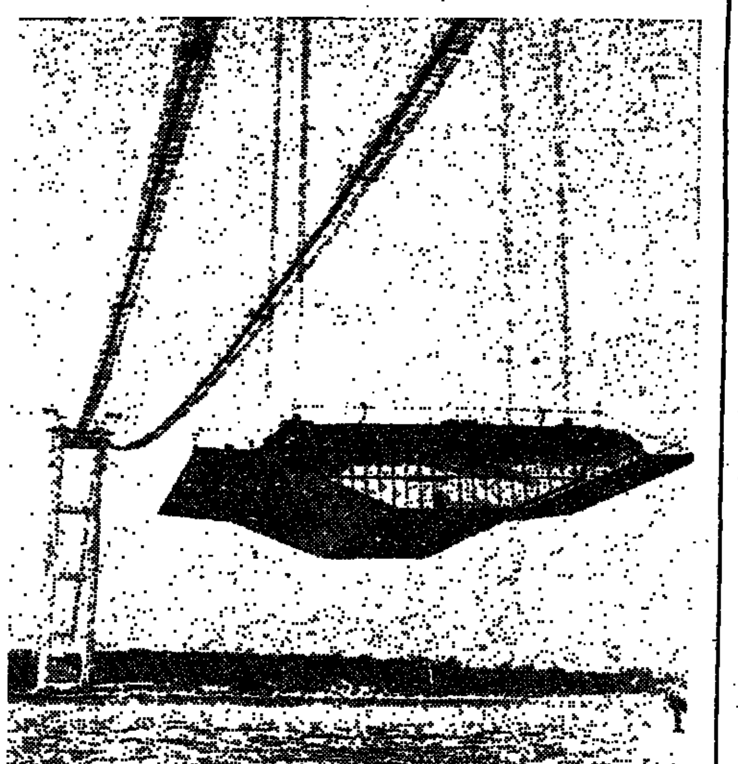
The truss, which as its name implies, is a mechanical frame built into the design of the bridge which stiffens the deck of the bridge and provides stability, was the principal method used to solve the problems of vibration and resonance at that time.

And in many ways it is a perfectly satisfactory method of solving the problem today. The Americans are past masters at the art of trussed bridge design —the Golden Gate Bridge in San Francisco and the Verrazano Bridge in New York are examples of their skill.

But there were objections to the idea of a multi-spanned bridge across the Humber. In the first place, the river has what is called a "mobile bed" — the navigable channel wanders with time, and the ship owners plying the estuary to Goole were unhappy with the idea of a line of piers supporting the deck strung across the river. The conservationists of the day were no happier with the prospect of the estuarial equivalent of a string of electricity pylons to spoil the view.

All the big American bridges — suspension or not — have a classical trussed structure. According to bridge engineers it is comparatively easy to design a long suspension bridge to carry the traffic load and, indeed, the bridge structure itself.

The rub comes in making the resulting structure aerodynamically stable. Bridges with poor aerodynamic qualities simply do not last very long. The out-standing example is the ill-fated Tacoma bridge, "Galloping Gertie," as it became known. High winds buffeted the span building up resonances which, amplified in the bridge structure, resulted in the bridge shaking itself to pieces while awe-struck cameramen recorded the catastrophe.



*The first box section of the bridge deck being lifted into position on November 9, 1979*

It is still shown almost annually on television more as a wonder of the world than a warning to engineers that the traditional rule of thumb — "work out the safety margin and double it" may not be enough.

**BOX GIRDERS**

ALAN CANE

The truss—"a lot of Meccano" as one engineer put it—is an effective answer, but it takes space. The Forth road bridge, spanning the Firth of Forth is a good example of a trussed suspension bridge. That truss is some 30 feet deep.

Freeman Fox and Partners introduced the concept of the box girder to river bridge building in constructing the Severn Bridge the depth of the girder on that bridge, finished in 1966, is only 10 feet.

So using box girder construction makes a much shallower structure. The box section at Humber is about 70 feet across by about 14 feet deep.

At each side there is a 10 foot wide panel to carry the walkways: in section, the girders look like nothing so much as parts of the wing of an aeroplane. That is intentional; the girders, which are simply hollow steel boxes, confer mechanical strength against sympathetic vibrations and oscillations—the deck of the bridge has to resist up and down rotational forces, but the aerodynamic shape helps the bridge to "fly" in the quite extreme winds which can be encountered.

So the box girder type of construction allows a lower profile as there is no need to allow clearance for the truss (a side benefit here is shorter approach roads) and the whole bridge is considerably lighter.

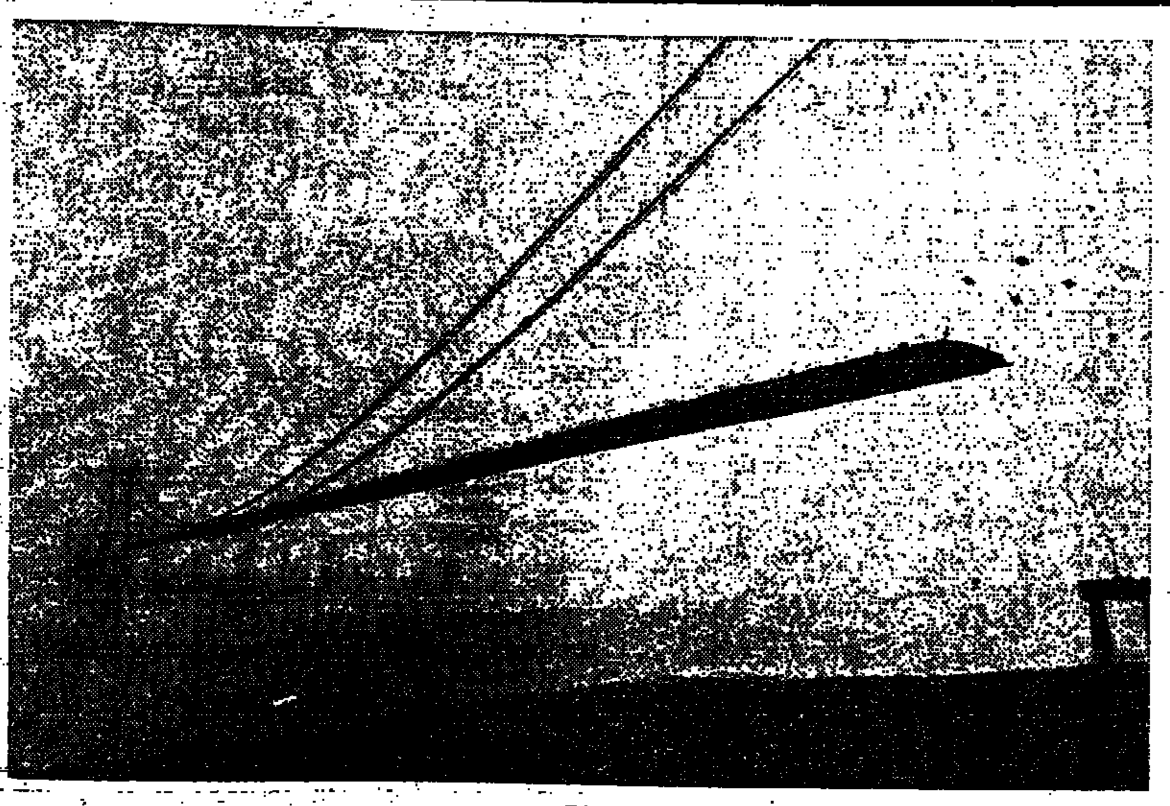
That means considerably less load on the anchorages, on the towers from which the bridge is hung and on the wires from which it is suspended. The whole structure becomes finer. Up to 25 per cent less material is used in comparison with a traditional trussed bridge.

Box girder bridges, have of course, a poor reputation in this country and elsewhere after a notorious 12 months in the late 1960s when no less than four collapsed, some with considerable loss of life.

That led to, in this country, the Merrison report which laid down stiffer and much-needed rules for the erection of box girder structures.

But Freeman Fox and Partners—who had been consulting engineers on two of the bridge projects which involved the collapse of a partially completed bridge — had to demonstrate beyond reasonable doubt that the bridge would do what was claimed for it. The firm had the examples of the Severn Bridge and the Bosporus Bridge to point to. Before Humber, the Bosporus Bridge was the longest span bridge outside the U.S.

The consultants believe the box girder structure of the Humber Bridge makes it stable in any predictable wind. The reputation of these novel bridges depends on the accuracy of their judgement.



### THE PEOPLE INVOLVED

**OWNER**
The Humber Bridge Board

**DESIGNERS AND CONSULTING ENGINEERS**
Freeman Fox and Partners

**MAIN CONTRACTORS**

**Sub-structure: anchorages and towers**
John Howard and Company

**Tower sub-contractor**
Tileman and Company

**Earthworks, southern approach road**
Clugston Construction

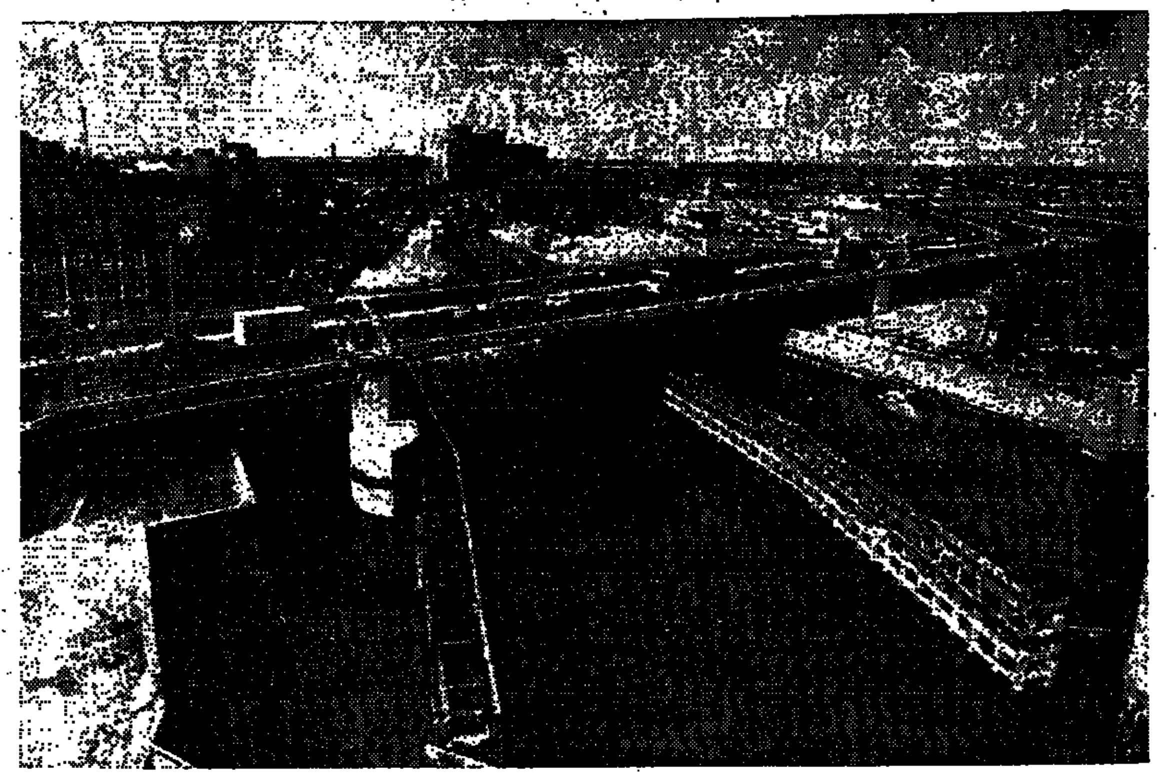
**Southern approach road and viaduct**
Costain Civil Engineering

**Northern approach road**
A. F. Budge (Contractors)

**Superstructure**
British Bridge Builders
(Comprising NEI Sir William Arrol and Company, The Cleveland Bridge and Engineering Company and Redpath Dorman Long (Contracting)

**Administration block**
R. G. Carter

**Toll equipment**
Plessey Controls



*The bridge deck looms out of the fog on its way to completion. Right: another Humber bridge—the Myton Swing Bridge at Hull docks*

Anthony Moreton talks to Malcolm Stockwell, the man facing the challenge of the bridge's day-to-day running

# Bridgemaster's months of nightmare come to an end

NO ONE can be more relieved at the opening to traffic of the Humber Bridge than Malcolm Stockwell. The past few weeks, indeed the past few months, have been little short of a nightmare for him.

When he was appointed bridgemaster late last year at the age of 45 he confidently expected the bridge would be open to traffic in February. That was the date given to him, anyway. But bad weather, technical problems and the inevitable last-minute matters which always crop up pushed the date back inexorably.

Always, at the forefront of his planning was the knowledge that the Queen would be in Hull for the official opening on July 17.

Slowly, the time gap between the first car crossing and the Royal opening narrowed. Mr. Stockwell could have been forgiven if, in wilder moments late at night, he envisaged the Queen being the first person actually to be driven across.

Now that that particular problem has been disposed of, Mr Stockwell can get down to the business of running the bridge. It is a big challenge. He admits that he has had no experience of operating a bridge on this scale—few have, anywhere in the world—but feels that his background will stand him in good stead.

That background has involved him in bridge work that is almost unique. He is a Teessider, an engineer who won his professional qualifications the hard way through night school, and who for the past 12 years has worked for Cleveland County Council (and its predecessor before that body came into existence) on the Teesside transporter bridge and the Teesside vertical lift bridge. There is one other transporter bridge (at Newport, in South Wales) and one other vertical lift bridge but no place in Britain outside Teesside has the two.

It was work on these structures that interested him in bridges generally and turned his mind towards the Humber Bridge. But he was still pleasantly surprised when he was chosen from over 200 applicants to run the new super-structure. "Many of them were far better qualified than me," he modestly says.

Nevertheless, he firmly believes that despite the great mass of sophisticated electronic equipment at his command the most important factor remains judgment. "Take the sophisticated bits away and you are back to the essential ingredient: 'What is your assessment of the situation?'."

That assessment will be most severely tested by the wind. The prevailing wind around the estuary is a nasty transverse side wind across the bridge, which can make difficulties for high-sided vehicles and caravans and therefore calls for a sharp sense of judgment by Mr Stockwell over when these should be prevented from crossing.

"One of our troubles is that we cannot draw too many conclusions from experience on the Severn and Forth bridges because we are in a different geographical position.

"The Severn is more sheltered but affected by the prevailing westerlies off the Atlantic. Here we have to contend with colder winds off the North Sea.

"The Forth is nearer to us in that respect, but it is surprising what a difference there is between Hull and Edinburgh.

"And it is not just wind that we have to be concerned about. General weather conditions can affect your judgment about wind. A sharp wind on a black, wet day is a very different thing from wind on a clear summer day..

"All these factors have to be taken into consideration. But if drivers follow the advice we give on speed there will be few problems. If they do not we shall take strong action."

Mr Stockwell admits, though, that drivers are not the only imponderable. The Humber Bridge is the first to be built to this scale with concrete piers.

The other major area on which he is concentrating is the toll booths and it is not for nothing that he sits in his office with his back to the bridge but with a fine uninterrupted view of the 12 booths.

"The consultants have told us we should not get more than 10,000 vehicles a day and since the booths can handle 400 to 450 an hour this gives us ample capacity even though only eight will be open at any one time.

"But being in the booth is a very boring way of spending your working life and so we have arranged that the operators will be there for no longer than two hours at a stretch. At other times they will be working on other parts of the bridge."

Although he would not be drawn on security, it is clear that this is one of Mr Stockwell's major considerations. The booth operators will be handling £1 every time a car passes and up to £7.50 for a heavy lorry. Such sums inevitably invite the possibility of "slippage," though the electronic control over the number of cars passing will help to keep tabs on the situation. Switching the operators around is also part of the system of avoiding losses, though he says the problem is no more difficult than in a large store with its many tills.

Because of the high unemployment in the area there was great competition for these jobs. Eight hundred people applied for the 24 booth operator vacancies and altogether 3,000 people sought the 53 jobs available on the bridge.

Preventing losses is not just a moral or ethical matter. The £88m building cost, which has already risen to £120m with capital interest, has to be amortised over 60 years. Interest charges on the capital are now running at £30,000 a day, which is exactly what the bridge's revenue is expected to be.

Although financing the capital cost is not strictly Mr Stockwell's business, it is obviously his aim to ensure that revenue is maximised.

He believes the bridge will have a big role to play in both the local and the national economy. "I don't want to make predictions, but if this country pulls out of the economic morass it is in the bridge will benefit enormously. There is no particularly good north-south road link at the moment apart from the M1 and this will soon have problems.

"We can be part of a new route based on the A19. But it all depends on how well Britain is doing."

Roger Taylor

*Malcolm Stockwell—chosen from more than 200 applicants*

# HUMBER BRIDGE IV

# Pay up or face an extra 60 miles on the journey

## TOLLS

ANTHONY MORETON

FOR THE occasional traveller, crossing the Humber Bridge can be something of a shock. Once the architectural beauty has been admired and the sense of elation experienced from rising 100 ft over the water, there is the less-pleasant experience of having to pay a toll of £1 for a car at the booth on the north bank approach road.

If that traveller has crossed the Severn Bridge on the M4 and paid his 20p toll, or the Forth Bridge on the M9 with its 15p levy, then having to shell out £1 can be most unpleasant.

The toll is not at all dear compared with the alternative cost of driving around the estuary of the Humber. The bridge saves a journey of at least 60 miles, which in a middle-range saloon would mean an outlay of about £2.50 to £3 in petrol.

But the toll is high in relation to other crossings and dramatically points up the illogicality of so much policy on river crossings. In theory, estuarial crossings attract a toll whereas other crossings do not. There are, however, exceptions—any number of them.

Tolls are levied on the Severn, Erskine, Forth, Tamar, Tay, Itchen and Cleddau (Dyfed) bridges and for the Mersey, Dartford and Tyne tunnels. They are not levied on the M5 across the Avon at Bristol or the Exe at Exeter, on the M2 over the Medway, the M85 across the Tay or the M8 Kingston bridge over the Clyde in Glasgow. Nor is there any charge on the Runcorn-Widness Bridge, the Moray Firth crossing at Inverness and the Moray Firth crossing at Dingwall.

There are even tunnels where there is no charge, for example, under the Clyde at Glasgow and under the Thames at Blackwall on the eastern side of London.

Nor is there a toll on the M62, which crosses the Ouse just a few miles short of the entrance to the Humber Bridge. Yet the length of this crossing is about the same as the length of the Humber Bridge.

The Government's policy is that tolls should be levied for major new estuarial crossings. But it makes exceptions where the traffic flow is low or where long diversions may otherwise have to be made, which makes a nonsense of its policy.

Although the toll is now £1 for the Humber Bridge, the Humber Bridge Board, which runs the bridge, has authority to raise the sum to £1.50 for a car (other vehicles pay proportionately more, up to £7.50 for a heavy lorry) without having to seek approval from the Ministry of Transport.

There were fears on Humberside that the level of the toll might have acted as a disincentive to using the bridge, especially among pleasure drivers (any reasonable toll would have meant a saving for commercial vehicles).

But the decision of the Chancellor of the Exchequer in his Budget to put up the price of petrol by 20p a gallon, supplemented by the petrol companies' decision to seek another 4p rise, meant that the balance of probability swung back in favour of the bridge. This part of the Budget was greeted with considerable relief among the areas planners.

The Government attempts to rationalise its approach to tolls by claiming that a free crossing is one that is essentially a local facility not forming part of the national road network, an argument that is particularly difficult to sustain about the crossing of the Ouse (which is part of the M62) and the Humber. In these two cases the very reverse would appear to operate.

The other official argument is that users either will, or should, be prepared to pay a toll which would meet the cost of running the bridge or tunnel and pay off the debt over a period of 60 years.

Both these premises are questionable. First, the toll over the Humber has been set at a level which might act as a disincentive, frightening away some potential traffic. A £1 levy (effectively £2 since most joy-trippers have to return the same way) is a lot to pay for an afternoon out.

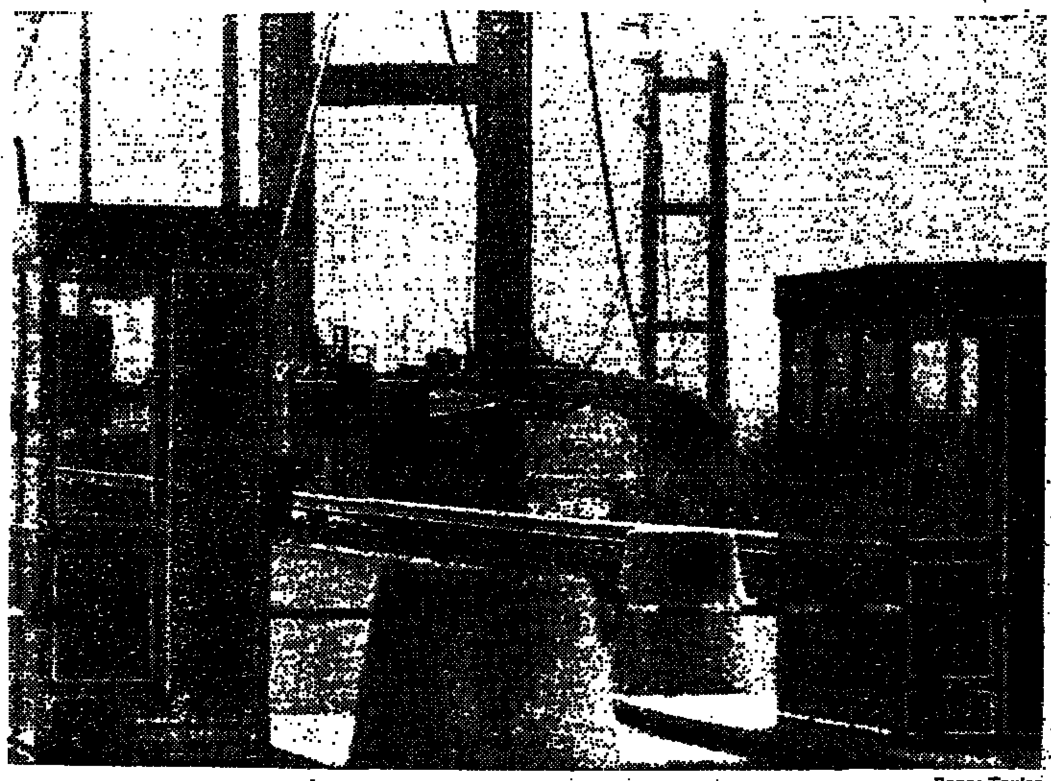
If there is not a considerable level of pleasure driving across the bridge then the £88m cost, which has risen to £120m with capitalised interest will never be paid off.

Second, the Government up to now has shied away from charging rates which would go a long way to amortising the accumulated debt.

The Severn Bridge is a good example of this. When it was first opened the toll for a car was 2s 6d, reduced to 12p on decimalisation in 1971. Two years ago, after a public inquiry and long delay while the Ministry agonised, the toll was raised to 20p. At this level the bridge's income brings in about £2m a year which goes nowhere near paying off the £12.5m loan and accumulated interest charges as well as running costs.

The Severn Bridge has by law to drop all tolls in 2006, that is 40 years after opening. There is no way at the present levy of tolls that the debt will be paid off at that time. So the Government will have to write off the accumulated debt, though if it were to raise the toll to nearer the £1 it is now charging on the Humber it would achieve a surplus on the bridge fund.

Such inconsistencies of policy are not likely to loom large as drivers sedately cross the Humber. But they are issues which concern all the authorities which have to run river crossings and over which they have sought, unfortunately in vain, to get some sort of consistency from successive governments.



Roger Taylor

*Ready for action: the toll booths are sighted on the Humber's north bank*

### THE TOLLS

| | £ |
|---|---|
| Motor cycles | 0.50 |
| Cars | 1.00 |
| Light vans | 1.00 |
| Light comm. vehicles up to 3 tons | 2.00 |
| Cars with trailers | 2.00 |
| Mini-buses (8/16seats) | 2.00 |
| Lorries (over 3 tons) 2 axles | 4.50 |
| Buses and coaches | 4.50 |
| Lorries—3 axles | 6.00 |
| 4 axles | 7.50 |

# Problems with terrain added to delays

AS IN Biblical times, houses—and suspension bridges—must be built on sound foundations. And here bridge builders are at the mercy of geography and geology: in the case of the Humber Bridge, problems with the terrain added massively to the cumulative delay in completing the structure.

To some extent, the problems had been expected. The surveyors knew there would be few problems with the north (Hessle) side where a hard, well-jointed bed of chalk comes close to the surface, covered by a tough layer of glacially deposited chalky boulder clay.

The decks of bridges like the Humber are suspended from massive cables which are anchored to the bank on each side of the river and raised to a suitable height by means of reinforced concrete towers.

The chalk provided good foundations for both the north side anchorage and the tower; the boulder clay was a good basis for the approach road embankment and the toll plaza.

On the south (Barton) side, conditions were quite different. The chalk had been eroded away and deposits of alluvium (sand and gravel carried from elsewhere by the river) are underlain by beds of boulder clay, sand and gravel. Below these at a depth of some 90m lies a deep bed of stiff, heavily fissured Kimmeridge clay on which the tower and anchorage are founded.

This heavy black marine clay was judged to be a suitable material on which to found the anchorages and towers—the problem was how to reach it.

On land, it meant digging, using giant grabs, to the hard clay beneath. The anchorage itself, 300,000 tonnes of reinforced concrete, is a cellular structure, 72m long and wedge shaped in plan. It is 37m wide at the front and 46m wide at the back. It was constructed within a framework of diaphragm walls to reach 35m below ground level into the Kimmeridge clay. It rises 58m above the foundation level.

According to Freeman, Fox and Partners, the anchorage had to be designed to eliminate tilting of the block. To accomplish this it was so designed to produce an almost uniform bearing pressure on the Kimmeridge clay in all conditions of cable pull. Certain parts of the block—the concrete infill, the architectural facings and the deck slab were only completed after the cables had been anchored in place.

The foundation for the north side tower was no problem. The tower was built on the high water mark, where the chalk comes close to the surface, on a reinforced concrete slab some 44m long by 16m wide and 11.5m high.

On the south side, the tower is located some 500m from the shore in about 15m of water.

A temporary jetty was built out from the shore to the site of the tower pier. Here a figure-of-eight steel cofferdam was constructed of steel piles and filled with sand to create a temporary island.

## FOUNDATIONS

ALAN CANE

The whole operation was shrouded in problems, some physical, some man-made. This was 1973 and there was a steel shortage as a result of industrial troubles causing delays in the building of the jetty and cofferdam. Scouring around the dam was greater than expected and 12,000 tonnes of chalk were dumped outside the cofferdam to help protect the structure.

The idea was to sink twin hollow circular caissons to the Kimmeridge clay some 36m beneath the river bed, on which the pier could be built. Construction work of this kind replicates on an unbelievably large scale, the problems and practices of minor earthworks.

The caissons were built on top of the sand, the lower part of the caisson structure forming the cutting edge. The sand was dredged away leaving the caissons to sink towards the river bed, the concrete walls being built up above and the structure moved downward.

Dredging continued when the caissons reached the river bed, a thick coating of bentonite, a slippery mud, aiding their progress.

Progress was already slower than planned when the western of the two caissons struck, unexpectedly, a pocket of water beneath the river bed—artesian water as it is called. This washed away the bentonite lubricating skin, increasing the friction between the caisson walls and the substratum.

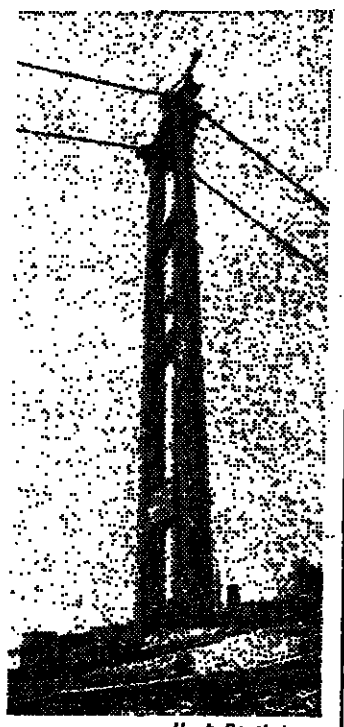
Unsuccessful attempts were made to restore the bentonite skin and the eventual solution was to use brute force. Four thousand extra tonnes of concrete were added to the caisson and 3,000 tonnes of iron ingots were borrowed from the British Steel site at Scunthorpe to weight the caissons down.

Eventually the caissons bottomed in September 1975. The caissons were left hollow, sealed at top and bottom by concrete slabs and the pier, a cellular structure 42m by 11m by 16m was built on top.

The endless statistics which surround a project like the Humber Bridge are necessary to give some clinical idea of the scale of construction.

The realisation has a grandeur which cannot be communicated by words alone—but neither can the fact that in the natural scale of things, the Humber Bridge, its gigantic anchorage blocks and immense foundations, resembles nothing so much as a Lego masterpiece across a garden stream.

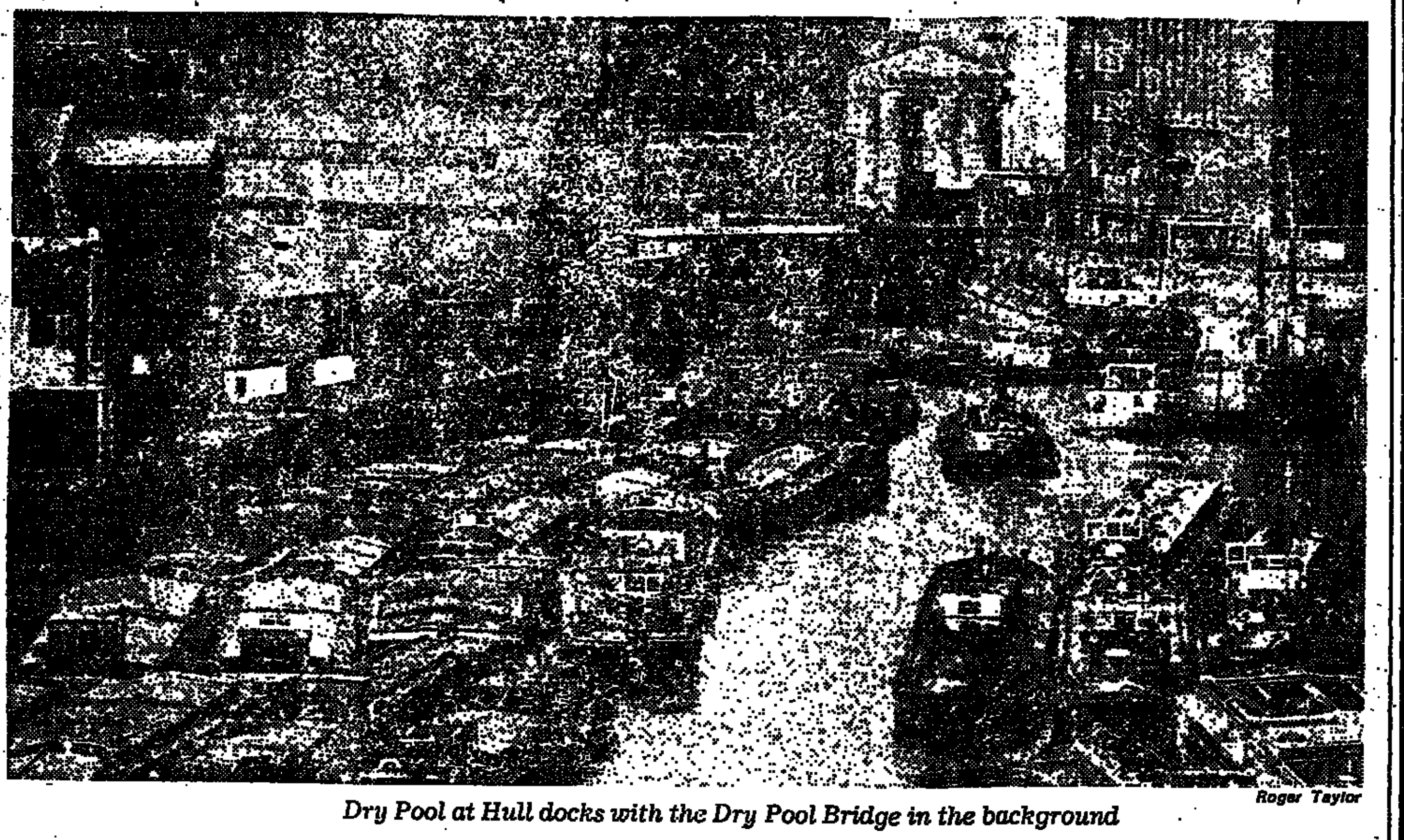
It is the thousands of computer calculations and the experience of the engineers which make it possible to play adult Poohsticks across the Humber.



Hugh Routledge

*Chalk provided a good foundation for the north tower, but the south tower raised problems*

# Ports look for indirect benefits


Dry Pool at Hull docks with the Dry Pool Bridge in the background
Roger Taylor

## THE DOCKS

ANTHONY MORETON

THE MOST immediate thing that comes to mind when the Humber ports are mentioned is fish. But important as the fishing industry has been to both Hull and Grimsby, the amount of fish handled in the ports is a minute percentage of the total traffic handled by these docks.

Last year the amount of fish handled by Hull, at 36,135 tonnes, was under 1 per cent of the total docks traffic of 4.56m tonnes.

Such a comparison is, admittedly, hardly fair. Fish is a high-value, labour intensive industry and its importance to the docks, together with the associated freezing business, is out of all proportion to crude tonnage comparisons.

Also, the industry has taken a severe battering as a result of the virtual decimation of the distant-water fleet, which was Hull's great strength, and the transfer of many of the middle-water boats to Grimsby to save fuel costs involved in the additional sailing up the Humber.

The point that comes through from these figures is that Hull is much more than a fishing port. It is a general cargo port, as are Grimsby and Goole, and it shares one common feature with the fishing industry; its economic fortunes have been declining over recent years.

Compared with 1975 alone, total traffic passing through Hull has dropped by about 20 per cent, and this at a time when Grimsby, Goole and Immingham, the other three Humber ports which form the Humber group of the British Transport Docks Board, have been picking up trade.

With the opening of the Humber Bridge the port authorities are hoping that the area will come much more into public attention. The bridge is unlikely to stimulate trade directly, because road links east-west, particularly for Hull, are already excellent. But the publicity that will follow in the wake of the opening could induce *some companies to use Hull and* Grimsby, in particular much more.

What everyone would like, of course, would be for Nissan to site its Datsun car plant on south Humberside and export its cars to Europe through Grimsby and Hull. The Japanese have said that some three-quarters of the projected 200,000 cars a year produced will go to continental Europe. This would mean some 150,000 going through the ports, a very great boost for them.

Both are already into the car business but solely as importers. Some 30,000 Peugeots and Volkswagens a year come through Grimsby, and Hull handles a smaller number of Ladas. In addition, the small port of Goole, 50 miles inland, also handles about 30,000 Renaults from France.

With the exception of Lada, the companies use charter vessels which then return to the continent empty, an attraction that might have some weight in *the Nissan decision.*

For Hull such an accretion of business would be very welcome. Over the past 15 years it has been developing its ro-ro trade and since it has an adequate supply of back-up land this trend will continue.

But Hull has experienced the same sort of problems as many of Britain's bigger ports in that most of its quay space has been contained within enclosed docks. It even opened a £6.75m dock, the Queen Elizabeth, as recently as 1969 (the only other enclosed dock to be built since has been the £40m Portbury at Bristol and these are surely the last examples of their sort in the country).

As in London, trade and quayside space has moved down the river and Hull is having to adjust to this situation. Fortunately it has the land to take advantage of this change; there are over 100 acres behind the Victoria dock, with permission to develop two quays. Another 100 acres lies to the east of the Queen Elizabeth dock.

Hull's problem is that the docks lie to the east of the city and its industrial hinterland is entirely to the west. All traffic has, therefore, to come through the city.

Until recently, this caused enormous traffic problems. Some relief has come from a south docks road linking in to the M62 motorway, but until the inner ring road has been completed the port will continue to be at a disadvantage despite its good natural position for trade with northern Europe.

If the position at Hull is difficult, the outlook elsewhere is brighter. In Grimsby a third ro-ro berth was opened last year and there is land available both for development alongside the water and behind it.

A large amount of the traffic flowing through this port is now unitised, though there is some timber from Scandinavia and Russia, chemicals from Sweden, aluminium from Norway and iron and steel from several Continental countries. There is also a large amount of dairy produce, especially in the Royal dock and other general cargo

The real success at Grimsby, though, and one that has emerged despite the turndown in fishing, has been its emergence as a freezer centre. It is no exaggeration to say that Grimsby is the most important town in Europe for freezing foodstuffs.

Immingham is possibly the most overlooked port in Britain; few think of it as a major handler of goods. Yet it is the third most important importer of crude oil in Britain after Milford Haven and Southampton and has large trades in fertilisers, downstream chemicals, coal, ores and steel products.

With the extension of the M 180 into the town (and on to Grimsby) now underway, its strategic importance will be enormously enhanced and the new bridge could have more beneficial effects for it than for any of the other three Humber ports. Road transport will be able to make considerable savings in mileage costs as well as in time in reaching Immingham, which should help its small but useful general trade.

A geographical location 50 miles from the sea might not seem the best prospect for a port, but Goole has managed to develop its business fitfully and now hopes that the increased emphasis being put on canal-borne vessels might benefit it.

It is particularly well known as a liner port and, as such, handles a wide variety of dry cargo, with twice-weekly sailings to Antwerp and Norrkoping and a weekly one to 19 other European destinations. Some measure of its confidence in the future is that it has been extending its working areas, putting in more cranes and adding new sheds.

# Longer crossings on the way

UNLESS THE price of oil drops dramatically, the future of long bridges seems secure. Dr David Fisher of Freeman Fox and Partners, designers and consulting engineers on the *Humber Bridge—and an impressive* list of other, long span box girder suspension bridges points out: "A long bridge may cost quite a good deal of money, but its contribution to the economy as a whole can be considerable.

"It can also make a considerable contribution to the social well being of the area, and that may be much harder to measure, but it is nevertheless a very real benefit to the region. On these points alone, there is a strong case for fixed crossings."

It looks as if the bridge builders will be relying heavily on the technology developed in creating the Bosporus, Severn and Humber bridges for these fixed links of the future.

Only suspension techniques are adequate for the very long spans such bridges entail—and *box girder techniques, now the* teething troubles have been sorted out, provide a way of cutting costs on materials and erection while enabling the aerodynamicists to design a deck with the best profile for the environment in which it has to "fly."

So the wheel is turning full circle. The suspension bridge is one of the earliest of engineering forms, but the primitive collection of vines supporting a precarious wooden roadway used in earlier times is a far cry from its modern counterpart.

Early European efforts to develop suspension bridges capable of carrying heavy transportation in the late 18th and early 19th century ran into serious problems of stability and strength. J. A. Roebling, a German-born American engineer, *is credited with the invention* of the web truss to give strength and rigidity to the deck structure, and his ideas have influenced American bridge builders ever since.

His creations include the bridge over the Niagara Gorge at Niagara Falls, NY, a bridge over the Ohio River at Cincinnati, and the bridge over the East River between Brooklyn and Manhattan.

The web truss seems now to be giving way to the box girder as the preferred method of handling very long spans, just as the technique of "spinning" the suspension cables, invented by a contemporary of Roebling, the French engineer Louis Vicat, may soon give way to the prefabrication of the cables.

In Vicat's technique, a spinning wheel carrying a loop of cable wire is winched to and fro across the river and gradually the full cable, containing many *thousands of individual strands,* is built up.

Spinning of the cable took an inordinately long time during the Humber construction—chiefly due to labour relations problems—and Fisher sees advantage in prefabrication.

"Far more thought will be given to using preformed cables" he says. "It means that contractors will be able to make do with a smaller workforce out on that exposed site—the smaller the workforce, the less disruption there is going to be."

## THE FUTURE

ALAN CANE

Even the caisson, one of the real triumphs of modern suspension bridge technology, could give way to techniques of pier construction pioneered in the North Sea. The caisson, a cylindrical reinforced concrete shell sunk to the sea bed and secured to the foundation material made possible the erection of tower piers over great depths of water.

But consider bridging the Channel, a distance of some 20 miles or so. Freeman Fox has already prepared preliminary ideas which would involve a series of 2,000 metre span suspension bridges (that is, each span would be some 600 metres longer than the main Humber span).

What more reasonable than the techniques used to build and position North Sea oil rigs should be adopted to create the piers on which the bridge would be founded?

North Sea oil rigs are built in dockyards, towed to their sites and set in position. If this can be accomplished in the appalling conditions off the North East coast, it can be accomplished in the shallower water and balmier weather of the Channel.

Foundations, of course, will *always be the bridge builders'* chief headache, and where possible they will build on solid rock.

One bridge project which would dwarf the Humber Bridge when completed is the proposed suspension bridge across the Straits of Messina between the toe of Italy and Sicily.

The Straits are fiord-like; deep and fast, a constant threat to piers sunk into the sea bed. One proposal is for a single span suspension bridge with the towers built on dry land, on good Italian rock, on either side. The span would have to be 3,000 metres, more than twice the main span of Humber.

In Japan, plans are being laid to link the islands of Honshu and Shikoku through a series of five fixed link suspension bridges — just one ambitious project in a list of ambitious *bridge* building projects the Japanese are working on.

The economic logic seems inescapable. Dr Fisher points *out that* the cost of the Humber Bridge may have risen from an estimated £28m at the start to about £88m today, excluding interest charges, but inflation alone accounts for a good part of that: "It is slightly less than the overall inflation figure for the very good reason that bits of it were paid for as they were built. In real terms — if there had been no inflation — the project would probably have cost about £30m."

The bridge's detractors will point out that with improved road conditions, much of the need for the bridge has vanished, that it was only part of a political gambit anyway and that the expected traffic load will only be a fraction of that planned for a decade ago.

But Dr Fisher points to the cost of petrol today and to the shortening of critical journeys. Hull to Barton by road is 66 miles, by bridge only 9 miles; Hull to Grimsby by road is 77 miles, by bridge only 30 miles.

The tolls, by this country's standards, where there is no real tradition of paying to use the freeway, seem high but are reasonable by the standards of other countries, the Bosporus crossing, for example, can cost up to £15 for a lorry.

The Bosporus Bridge is a powerful example of the advantage a long bridge can bring. There was a perfectly good and efficient ferry service — but lorries and coaches queued up to 72 hours to use it. Now they go straight across the bridge.

The modern history of box girder bridges started with the reconstruction of the links over the Rhine in Germany. The Humber Bridge and its successors should prove worthy monuments to man's ingenuity in overcoming the constraints thrown up by geology and geography.

# LONDON STOCK EXCHANGE

# Electricals enliven quiet but firm equity markets
# Racal and Chloride provide sharp contrasts—Gilts dull

**Account Dealing Dates**
**Option**

| *First Dealings | Declarations | Last Dealings | Account Day |
|---|---|---|---|
| June 15 | June 25 | June 26 | July 6 |
| June 29 | July 9 | July 10 | July 20 |
| July 13 | July 23 | July 24 | Aug 3 |

* "New-time" dealings may take place from 9.30 am two business days earlier.

The Electrical sector was the centre attraction in London equity markets which yesterday maintained a firm undertone but again lacked investment incentive. Chloride's surprise cash call for £17.3m—the pre-tax loss had been expected—began events in Electricals but attention was soon directed towards **Racal Electronics**. The latter's figures were in line with market estimates, but the group's efforts in restoring the loss-making Decca subsidiary to a predicted significant profit this year were considered particularly impressive as recognised in the development of a good buying interest for the shares.

**Ferranti's** annual results generated further interest and **Plessey** were not overlooked ahead of the preliminary statement, due to be announced today. Other equity sectors were neglected, but leading shares went higher influenced by the overnight Wall Street trend and by small professional demand which found sellers extremely reserved. Values were at their highest just before the official 3.30 pm close. In the after-hours' business, some began to edge away from the best and the FT Industrial Ordinary share index, up 4.7 at 3.00 pm, reflected this by ending a net 3.9 higher at 548.4.

Contradictory U.S. views about the likely direction of interest rates made for caution in British Funds. Quotations were little affected initially, but yesterday's easier tone in sterling brought out a few sellers and longer-dated stocks started to drift lower. Once again, the shorts proved to be more resilient and closed only marginally easier compared with falls ranging to ⅜ at the longer end of the market.

Quieter conditions prevailed in Traded options and 961 deals were completed. **Racal** attracted a good business on the preliminary results and recorded 177 calls and 101 puts.

**Energy Sources (Northern Ireland)**, yet another new recruit to the unlisted securities market, started life at 23p and improved to 25p before closing at 24p; the shares were recently introduced. Elsewhere in the sector, Tuesday's newcomer, **Zygal Dynamics**, rose 4 to 93p.

## HAMBROS DOWN

Following comment on the preliminary results, **Hambros**, at 895p, lost 45 of the previous day's rise of 50, while **Hambro Trust** shed 7 in sympathy to 173p. Elsewhere in merchant banks, **Arbuthnot Latham** rose 13 to a 1981 peak of 333p on bid hopes. The major clearing banks failed to take the previous day's speculative gains a stage further. Instead, profit-taking left **Barclays**, 425p, **Lloyds**, 385p, and **Midland**, 325p, all 5 lower, while **NatWest** closed 3 off at 382p. Among Hire Purchases, **FNFC** eased to 32½p before closing a net penny cheaper at 33½p after further consideration of the interim figures; the 9½ per cent **Unsecured Loan 1992-97**, however, rose 2½ points in busy trading to £97½ on news of the first repayment of delayed interest on the loan stocks and the possible repayment of further existing arrears over the next year or so.

Composite Insurances returned to favour on revived bid hopes. **General Accident** rose 6 to 328p as did **London United Investments**, to 196p. Life issues also improved with **Pearl** up 6 at 412p and **Britannic** 4 to the good at 276p. **Hogg Robinson** lost 5 to 112p among Lloyds brokers.

Regional issues continued to hold sway among Breweries. Still drawing strength from the preliminary profits, **Mansfield** rose 10 more to 246p. Revived bid hopes lifted **Davenports** 6 to 128p. In contrast, interim figures from **Irish Distillers** disappointed and the close was a penny easier at 53p.

Firm initially at 249p, **BPB** reacted to close unaltered at 243p on disappointment with the preliminary results. Elsewhere in the Building sector, **French Kier** encountered occasional support and improved 4 to 85p, while revived demand left **Barratt Developments** 6 better at 225p. Among the leaders, **Blue Circle** rose 10 to 490p and **Tarmac** 6 to 374p.

**ICI** traded firmly at 290p, up 6.

## RACAL ADVANCE

**Racal**, up 12 at 384p, featured a lively Electrical sector, buying interest being stimulated by the profits forecast for the Decca companies which accompanied preliminary results in line with expectations. **Plessey**, annual results due today, closed 3 firmer at 330p after touching 333p, while **GEC** advanced to 708p before settling without alteration on the day at 703p. Reports of big sales of video recorders prompted demand for **Thorn EMI**, up 12 at 398p, while others to benefit included **Granada "A,"** 6 higher at 242p, and **Electronic Rentals**, 7 dearer at 110p. Elsewhere, **Ferranti** advanced to 545p on the preliminary results, but reacted to finish unaltered at 525p. **Chloride**, in contrast, weakened 8 to 26p, on the £13.5m pre-tax loss and proposed £17.3m rights issue in convertible preference shares.

Scattered movements in the Engineering sector mainly resulted from company trading statements. **Tecalemit**, at 54, lost the previous day's rise of 3 following comment on the preliminary results. Satisfactory annual figures left **Brickhouse Dudley** 2 firmer at 49p, but **Evered** fell 3½ to 20p on the passing of the preference dividend, while **Duport** eased ½ to 11½ after the annual loss and omission of the dividend. Other dull spots included **Desoutter**, 5 lower at 111p, and **Serck**, 2 off at 40p.

Food Retailers continued to make good progress despite a chart "sell" recommendation. **J. Sainsbury** advanced 10 for a three-day gain of 29 to 419p, while **Bejam** rose 4 more to 130p. **Kwik-Save Discount**, 221p, and **Nurdin and Peacock**, 265p, firmed 6 and 9 respectively, while **Hillards** added 5 at 261p. Buyers also showed interest in **United Biscuits**, 7 up at 122p, and **Avana**, 5 to the good at 290p; the latter's interim results are expected early next month. **Hazlewood**, annual results due on Monday, rose 15 to 225p, while **A. G. Barr**, first-half figures due today, added 3 to 232p.

News of a £2.83m rights issue in Convertible Loan stock had little effect on **Mount Charlotte** which retained the overnight level of 22½p.

The volume of business in the miscellaneous industrial leaders again left a lot to be desired but small demand helped **Beecham** to venture forward by 5 to record a 1981 peak of 222p. **Boots** improved a few pence to 226p and **Glaxo** put on 2 to 366p. Elsewhere, recently firm **Powell Duffryn** lost 12 to 273p on disappointing preliminary profits, while **Chubb** fell 5 to 90p for a similar reason. Further consideration of the annual figures prompted a fall of 6 to 110p in **Halma**, while **Gestetner A** declined 4 to 83p as did **Redfearn National Glass**, 156p. **British Aerospace**, on the other hand, gained 6 to 226p on the link-up with IBM, the U.S. computer giant, on plans to start an advanced satellite communications service. Still reflecting the chairman's confident statement at the AGM, **Silentnight** firmed 4 making a two-day gain of 10 to 92p. Investment buying brought rises of 10 and 12 respectively to **Vinten**, 270p, and **Ricardo**, 500p, while **BTR** added 6 at 336p and **Norcros** improved 5 to 109p.

Motors were inclined harder where changed. Recovery hopes continued to bolster **ERF**, 3 up at 45p, while renewed support lifted **Lotus** a couple of pence to 35p. **Dunlop** also added 2, to 80p, but **Flight Refuelling** encountered selling and eased 7 to 338p ex-the-rights issue; the nil-paid fell 6 to 84p premium.

Among Advertising Agencies, an active business developed in **Geers Gross** which closed 8 higher at 130p; the nil-paid were quoted 8 higher at 41p premium.

In quietly firm Properties, **Land Securities**, 396p, and **MEPC**, 234p, rose 4 apiece.

Trading in the Oil sector remained quiet. **BP** fluctuated narrowly before closing unchanged at 312p, while the new-nil paid hardened a penny to 41p premium and the **HMG** shares 2 to 26p premium. **Shell** firmed 6 to 350p, while in the more speculative exploration issues, **Clyde** stood out with a gain of 8 to 165p. **Strata** gained 6 to 88p and **New Court Resources** 3 to 60p.

Among Trusts, fresh demand left **RIT** up 11 more at 368p, while **Bremar** were also noteworthy for a rise of 5 to 59p. In Financials, **Hampton Trust** rose 4 to 40p following the company's statement on its gas and oil exploration interests in the U.S.

**Dawson International** remained a firm market and closed 6 better at 196p following the annual report. Elsewhere in Textiles, **Stroud Riley Drummond** were wanted at 71p, up 7, while **Hicking Pentecost** gained the turn to 83p despite the reduced profits and dividend.

Selected Plantations responded to speculative support. **Inch Kenneth** jumped 20 to 300p, while **Warren**, additionally helped by the chairman's confident outlook, firmed 8 to 218p.

## GOLDS IMPROVE

There were signs of renewed interest in South African Golds yesterday, helped by the fact that the metal remained above the $460 level. Bullion closed $4 down at $461.50 and the Gold Mines index put on 5.6 to 320.6.

Gold shares were mostly firmer in good two-way business, with the lower-priced issues led by two of the companies involved in the mergers which will result in a larger Western Holdings, **Free State Saiplaas**, which gained 48 to 310p, and **Welkom**, 43 better at 643p. Rises of around 20 were common to **ERPM**, 655p, **Libanon**, 945p, and **Durban Deep**, 844p.

The terms of the mergers were not favourably received in respect of **Western Holdings**, which gave up a point to £27. Among the other higher-priced issues, **Western Deep Levels**, £19½, **Free State Geduld**, £16½, and **President Brand**, £16, were all ¼ better.

Boosted by the strength of Golds, South African Financials were mostly firmer, led by **Amgold**, up 1½ to £53, **Gold Fields of South Africa**, ¾ stronger at £37¼, **Johnnies** which gained ½ to £34 and **OC Investments**, up 10 to 380p.

In Diamonds, **Anamint** put on ¾ to £45¼, while in Coals **Transvaal Consolidated Land** fell 1¼ to £22¼.

## FINANCIAL TIMES STOCK INDICES

| | June 24 | June 23 | June 22 | June 19 | June 18 | June 17 | A year ago |
|---|---|---|---|---|---|---|---|
| Government Secs. | 66.24 | 66.48 | 66.15 | 65.78 | 66.16 | 66.67 | 69.78 |
| Fixed Interest | 67.79 | 67.82 | 67.45 | 67.35 | 67.76 | 67.84 | 70.82 |
| Industrial Ord. | 548.4 | 544.5 | 544.3 | 541.4 | 541.1 | 544.8 | 465.9 |
| Gold Mines | 320.6 | 315.0 | 312.1 | 313.7 | 321.2 | 324.8 | 343.6 |
| Ord. Div. Yield | 5.85 | 5.90 | 5.89 | 5.94 | 5.96 | 5.91 | 7.68 |
| Earnings, Yld. % (full) | 11.66 | 11.75 | 11.75 | 11.85 | 11.85 | 11.76 | 18.49 |
| P/E Ratio (net) (*) | 10.70 | 10.61 | 10.61 | 10.52 | 10.53 | 10.61 | 6.88 |
| Total bargains | 18,238 | 16,285 | 18,500 | 17,082 | 18,484 | 18,104 | 20,268 |
| Equity turnover £m. | — | 104.22 | 89.75 | 118.51 | 136.50 | 106.67 | 115.67 |
| Equity bargains | — | 14,304 | 13,045 | 14,005 | 15,764 | 13,653 | 15,556 |

10 am 546.9, 11 am 548.7, Noon 547.9, 1 pm 549.0, 2 pm 548.8, 3 pm 549.2

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. SE Activity 1974.
Latest Index 01-246 8026.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. SE Activity 1974.

## HIGHS AND LOWS

| | 1981 High | 1981 Low | Since Compilat'n High | Since Compilat'n Low |
|---|---|---|---|---|
| Govt. Secs. | 70.61 (20/5) | 64.94 (6/8) | 127.4 (9/1/35) | 49.18 (3/1/75) |
| Fixed Int. | 72.01 (20/5) | 67.17 (8/8) | 150.4 (28/11/47) | 50.53 (3/1/75) |
| Ind. Ord. | 597.3 (30/4) | 446.0 (14/1) | 597.3 (30/4/81) | 49.4 (26/6/40) |
| Gold Mines | 431.1 (8/1) | 281.4 (29/1) | 558.9 (22/9/80) | 43.5 (26/10/71) |

## S.E. ACTIVITY

| | June 23 | June 22 |
|---|---|---|
| —Daily | | |
| Gilt Edged Bargains | 141.4 | 149.9 |
| Equities Bargains | 92.7 | 84.5 |
| Value | 218.6 | 181.4 |
| 5-day Avrge. | | |
| Gilt Edged Bargains | 140.8 | 145.2 |
| Equities Bargains | 91.7 | 93.7 |
| Value | 224.2 | 246.5 |

## NEW HIGHS AND LOWS FOR 1981

The following quotations in the Share Information Service yesterday attained new Highs and Lows for 1981.

**NEW HIGHS (85)**

BRITISH FUNDS (5)
COMMONWEALTH AND AFRICAN LOANS (1)
AMERICANS (9)
CANADIANS (1)
BANKS (4)
BEERS (2)
CHEMICALS (1)
DRAPERY AND STORES (1)
ELECTRICALS (4)
ENGINEERING (1)
FOODS (7)
INDUSTRIALS (7)
INSURANCE (2)
LEISURE (2)
MOTORS (2)
NEWSPAPERS (1)
PAPER (1)
PROPERTY (1)
TEXTILES (5)
TRUSTS (5)
TEAS (1)
OIL AND GAS (3)
SP — Marinex Petroleum
CCP North Sea
MINES (2)
Int. Mining — Gopeng

**NEW LOWS (6)**

TRUSTS (1)
Lamont Hldgs.

## RISES AND FALLS YESTERDAY

| | Rises | Falls | Same |
|---|---|---|---|
| British Funds | 10 | 78 | 7 |
| Corpns., Dom. & Foreign Bonds | 14 | 1 | 54 |
| Industrials | 227 | 168 | 972 |
| Financial & Props. | 159 | 30 | 305 |
| Oils | 28 | 22 | 40 |
| Plantations | 1 | 7 | 15 |
| Mines | 76 | 14 | 78 |
| Others | 94 | 28 | 68 |
| Totals | 609 | 348 | 1,539 |

## ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday

| Stock | Closing price pence | Day's change | Stock | Closing price pence | Day's change |
|---|---|---|---|---|---|
| Chloride | 26 | −8 | Plessey | 330 | +3 |
| Dawson Inter. | 196 | +6 | Racal Electronic | 383 | +11 |
| Ferranti | 525 | — | Rothmans | 70 | +2 |
| F. S. Saaiplaas | 310 | +48 | Thorn EMI | 398 | +12 |
| GEC | 703 | — | Welkom | 643 | +43 |
| Granada A | 242 | +5 | W. Holdings | £27 | −1 |

## TUESDAY'S ACTIVE STOCKS

Based on bargains recorded in SE Official List

| Stock | No. of price changes | Tuesday's closing price pence | Day's change | Stock | No. of price changes | Tuesday's closing price pence | Day's change |
|---|---|---|---|---|---|---|---|
| Lloyds Bk. | 19 | 390 | +12 | Plessey | 10 | 327 | −3 |
| BP (HMG) | 15 | 24pm | — | Shell Trans. | 10 | 344 | −2 |
| Barclays Bk. | 14 | 430 | +5 | De La Rue | 9 | 715 | −5 |
| GEC | 14 | 703 | −2 | Hambros Bk. | 9 | 940 | +50 |
| Nat. West Bk. | 11 | 385 | +7 | Ryl. Bk. Scot. | 9 | 189 | +5 |
| Charter Cons | 10 | 235 | −5 | Unilever | 9 | 575 | −5 |
| Midland Bk. | 10 | 330 | +2 | Euro. Fer. Nw. | 8 | 47pm | +1 |

## OPTIONS

| First Dealings | Last Dealings | Last Declaration | For Settlement |
|---|---|---|---|
| June 22 | July 3 | Sept. 24 | Oct. 5 |
| July 6 | July 17 | Oct. 8 | Oct. 19 |
| July 20 | July 31 | Oct. 22 | Nov. 2 |

*For rate indications see end of Share Information Service*

Stocks favoured for the call included **Cambridge Electronics**, **Double Eagle**, **Tozer Kemsley and Millbourn**, **Booker McConnell**, **Target Petroleum**, **FNFC**, **Shackleton**, **Intervision**, **Charterhall**, **BP "new"** and **Rothmans**. A put was taken out in **FNFC**, while **Thomas Tilling** were dealt in for the double.

## LEADERS AND LAGGARDS

Percentage changes since December 31, 1980, based on Tuesday, June 23, 1981.

| | | | | | |
|---|---|---|---|---|---|
| Contracting Construction | +36.78 | Food Manufacturing | +21.81 | Investment Trusts | +10.12 |
| Other Industrial Materials | +32.64 | Capital Goods | +20.75 | Mining Finance | +10.01 |
| Tobaccos | +31.85 | Consumer Group | +19.14 | Banks | +9.10 |
| Hire Purchase | +31.28 | Newspapers, Publishing | +18.32 | All-Share Index | +8.41 |
| Textiles | +30.62 | Merchant Banks | +17.68 | 500-Share Index | +7.66 |
| Packaging and Paper | +29.50 | Industrial Group | +17.48 | Stores | +7.42 |
| Other Consumers | +27.74 | Metals and Metal Forming | +15.49 | Property | +5.98 |
| Health and H'sehold Products | +26.58 | Electricals | +14.79 | Overseas Traders | +5.91 |
| Mechanical Engineering | +24.20 | Insurance (Life) | +14.75 | Other Groups | +3.59 |
| Leisure | +23.23 | Office Equipment | +14.63 | Shipping and Transport | +2.27 |
| Brewers and Distillers | +23.06 | Food Retailing | +14.35 | Discount Houses | −3.26 |
| Engineering Contractors | +22.40 | Insurance (Composite) | +13.66 | Chemicals | −4.78 |
| Building Materials | +22.27 | Financial Group | +19.90 | Gold Mines Index | −22.70 |
| Insurance Brokers | +21.99 | Motors | +10.27 | Oils | −24.69 |

## FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

| | EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section) | Wed., June 24, 1981 Index No. | Day's Change % | Est. Earnings Yield % (Max.) | Gross Div. Yield % (ACT at 30%) | Est. P/E Ratio (Net) | Tues. June 23 Index No. | Mon. June 22 Index No. | Fri. June 19 Index No. | Thurs. June 18 Index No. | Year ago (approx.) Index No. |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 | CAPITAL GOODS (214) | 348.72 | +0.5 | 10.62 | 4.46 | 11.65 | 347.06 | 347.28 | 344.36 | 343.18 | 251.87 |
| 2 | Building Materials (25) | 302.78 | +0.6 | 13.83 | 5.74 | 8.76 | 300.97 | 300.10 | 299.19 | 300.74 | 245.85 |
| 3 | Contracting, Construction (28) | 554.59 | +0.3 | 16.71 | 5.08 | 7.01 | 553.16 | 556.21 | 556.43 | 558.53 | 371.65 |
| 4 | Electricals (28) | 1104.53 | +0.5 | 7.84 | 2.34 | 15.86 | 1098.91 | 1103.81 | 1085.39 | 1067.00 | 675.27 |
| 5 | Engineering Contractors (11) | 486.94 | +0.1 | 12.24 | 5.54 | 9.84 | 486.52 | 484.45 | 484.16 | 486.48 | 305.89 |
| 6 | Mechanical Engineering (70) | 213.85 | +0.4 | 13.22 | 5.67 | 9.44 | 213.06 | 212.74 | 211.87 | 212.95 | 168.54 |
| 8 | Metals and Metal Forming (13) | 158.87 | +0.2 | 10.29 | 7.58 | 12.84 | 158.62 | 158.71 | 158.56 | 161.03 | 164.14 |
| 9 | Motors (21) | 101.75 | +0.1 | 4.64 | 6.86 | 58.27 | 101.66 | 101.80 | 101.82 | 101.45 | 101.43 |
| 10 | Other Industrial Materials (18) | 384.60 | +0.9 | 9.45 | 5.20 | 12.74 | 381.21 | 378.79 | 375.77 | 376.38 | 0.00 |
| 21 | CONSUMER GROUP (195) | 285.78 | +0.7 | 12.49 | 5.60 | 9.77 | 283.72 | 283.45 | 282.18 | 282.82 | 219.15 |
| 22 | Brewers and Distillers (20) | 325.03 | +0.3 | 14.18 | 5.92 | 8.39 | 323.90 | 322.19 | 320.58 | 320.54 | 287.45 |
| 25 | Food Manufacturing (21) | 259.49 | +0.9 | 15.03 | 6.37 | 8.01 | 257.12 | 256.97 | 257.31 | 257.56 | 205.52 |
| 26 | Food Retailing (14) | 536.28 | +0.8 | 9.25 | 3.31 | 12.86 | 532.08 | 526.86 | 520.43 | 523.21 | 327.81 |
| 27 | Health and Household Products (7) | 339.43 | +1.5 | 8.16 | 4.31 | 14.60 | 334.27 | 335.19 | 330.29 | 330.82 | 216.93 |
| 29 | Leisure (22) | 438.81 | +2.0 | 11.35 | 5.01 | 10.71 | 430.08 | 430.06 | 425.58 | 426.16 | 332.47 |
| 32 | Newspapers, Publishing (12) | 504.00 | +0.2 | 11.81 | 5.63 | 12.14 | 502.81 | 503.69 | 506.11 | 504.75 | 433.77 |
| 33 | Packaging and Paper (13) | 147.88 | −0.3 | 13.53 | 7.21 | 8.79 | 148.36 | 149.08 | 148.13 | 148.71 | 132.38 |
| 34 | Stores (44) | 265.45 | +0.1 | 10.85 | 4.98 | 12.07 | 265.31 | 266.00 | 266.41 | 267.48 | 224.89 |
| 35 | Textiles (23) | 164.46 | +1.0 | 8.25 | 5.58 | 16.61 | 162.86 | 163.80 | 162.06 | 162.85 | 128.40 |
| 36 | Tobaccos (3) | 267.03 | +1.5 | 21.66 | 9.29 | 5.30 | 263.19 | 261.45 | 259.96 | 260.57 | 220.76 |
| 39 | Other Consumer (16) | 304.07 | — | 6.03 | 6.25 | 29.20 | 304.20 | 302.65 | 302.66 | 301.58 | 0.00 |
| 41 | OTHER GROUPS (79) | 229.76 | +0.5 | 13.28 | 6.59 | 9.13 | 228.51 | 229.24 | 228.23 | 228.27 | 216.89 |
| 42 | Chemicals (15) | 286.94 | +1.4 | 11.34 | 7.24 | 11.01 | 282.91 | 284.57 | 282.46 | 281.65 | 317.09 |
| 44 | Office Equipment (6) | 116.17 | −0.2 | 15.88 | 7.20 | 7.43 | 116.37 | 117.15 | 117.89 | 116.15 | 109.84 |
| 45 | Shipping and Transport (13) | 550.48 | +0.1 | 15.53 | 6.90 | 7.60 | 549.69 | 548.73 | 555.15 | 561.38 | 541.52 |
| 46 | Miscellaneous (45) | 298.36 | −0.1 | 13.99 | 5.61 | 8.60 | 298.63 | 298.96 | 296.07 | 297.06 | 260.62 |
| 49 | INDUSTRIAL GROUP (488) | 299.57 | +0.6 | 11.90 | 5.30 | 10.30 | 297.75 | 297.80 | 296.03 | 295.99 | 238.85 |
| 51 | Oils (12) | 703.97 | +0.7 | 23.87 | 8.14 | 4.64 | 699.28 | 710.65 | 707.20 | 708.56 | 832.91 |
| 59 | 500 SHARE INDEX | 332.36 | +0.6 | 13.90 | 5.77 | 8.55 | 330.31 | 331.25 | 329.34 | 329.41 | 285.66 |
| 61 | FINANCIAL GROUP (118) | 260.84 | +0.2 | — | 5.61 | — | 260.33 | 258.65 | 256.00 | 257.32 | 218.41 |
| 62 | Banks (6) | 266.37 | −1.1 | 34.42 | 6.81 | 3.38 | 269.33 | 264.52 | 260.31 | 262.52 | 235.97 |
| 63 | Discount Houses (10) | 280.75 | — | — | 8.03 | — | 280.75 | 281.22 | 281.25 | 280.69 | 264.05 |
| 64 | Hire Purchase (3) | 261.04 | +0.8 | 11.73 | 6.96 | 11.80 | 259.01 | 258.14 | 257.59 | 256.65 | 215.59 |
| 65 | Insurance (Life) (10) | 265.98 | +0.4 | — | 5.69 | — | 264.81 | 264.43 | 261.58 | 261.05 | 205.79 |
| 66 | Insurance (Composite) (9) | 169.27 | +1.1 | — | 7.53 | — | 167.36 | 168.13 | 165.87 | 166.44 | 144.69 |
| 67 | Insurance Brokers (8) | 389.98 | — | 11.45 | 5.95 | 11.85 | 389.82 | 389.10 | 385.12 | 385.24 | 311.10 |
| 68 | Merchant Banks (13) | 173.78 | −0.4 | — | 4.86 | — | 174.42 | 169.17 | 168.19 | 168.72 | 129.29 |
| 69 | Property (49) | 475.13 | +0.7 | 3.72 | 2.91 | 37.38 | 471.68 | 470.35 | 467.15 | 471.25 | 405.83 |
| 70 | Miscellaneous (10) | 178.06 | −0.2 | 17.87 | 5.82 | 6.80 | 178.37 | 176.74 | 177.31 | 178.08 | 135.70 |
| 71 | Investment Trusts (109) | 312.39 | +0.6 | — | 5.04 | — | 310.42 | 309.76 | 308.84 | 309.08 | 239.60 |
| 81 | Mining Finance (3) | 249.42 | −0.5 | 14.05 | 5.48 | 8.35 | 250.77 | 251.71 | 247.42 | 249.86 | 244.35 |
| 91 | Overseas Traders (20) | 453.25 | −0.1 | 11.33 | 6.57 | 10.99 | 453.70 | 453.23 | 452.00 | 452.03 | 387.87 |
| 99 | ALL-SHARE INDEX (750) | 318.13 | +0.5 | — | 5.71 | — | 316.55 | 316.80 | 314.70 | 315.14 | 270.50 |

### FIXED INTEREST

| | PRICE INDICES | Wed. June 24 | Day's change % | Tues. June 23 | xd adj. today | xd adj. 1981 to date |
|---|---|---|---|---|---|---|
| | British Government | | | | | |
| 1 | 5 years | 108.12 | +0.01 | 108.10 | — | 5.01 |
| 2 | 5-15 years | 105.84 | −0.28 | 106.14 | — | 6.38 |
| 3 | Over 15 years | 107.60 | −0.27 | 107.89 | — | 7.78 |
| 4 | Irredeemables | 119.77 | −0.32 | 120.16 | — | 6.46 |
| 5 | All stocks | 106.88 | −0.18 | 107.07 | — | 6.32 |
| 6 | Debentures & Loans | 83.97 | +0.06 | 83.92 | — | 5.28 |
| 7 | Preference | 63.60 | +0.05 | 63.57 | — | 3.43 |

| | AVERAGE GROSS REDEMPTION YIELDS | | Wed. June 24 | Tues. June 23 | Year ago (approx.) |
|---|---|---|---|---|---|
| | British Government | | | | |
| 1 | Low Coupons | 5 years | 12.24 | 12.22 | 11.78 |
| 2 | | 15 years | 12.80 | 12.73 | 11.78 |
| 3 | | 25 years | 12.98 | 12.91 | 11.78 |
| 4 | Medium Coupons | 5 years | 14.08 | 14.04 | 13.12 |
| 5 | | 15 years | 14.68 | 14.61 | 13.27 |
| 6 | | 25 years | 14.25 | 14.20 | 13.28 |
| 7 | High Coupons | 5 years | 14.18 | 14.11 | 13.25 |
| 8 | | 15 years | 14.86 | 14.82 | 13.61 |
| 9 | | 25 years | 14.47 | 14.44 | 13.66 |
| 10 | Irredeemables† | | 12.36 | 12.32 | 11.11 |
| 11 | Debs & Loans | 5 years | 15.27 | 15.19 | 13.87 |
| 12 | | 15 years | 15.27 | 15.27 | 13.99 |
| 13 | | 25 years | 15.27 | 15.35 | 14.00 |
| 14 | Preference† | | 15.62 | 15.62 | 15.00 |

† Flat yield. Highs and lows record, base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 26½p.

## RECENT ISSUES

### EQUITIES

| Issue Price p | Amount Paid Up | Latest Renunc. Date | 1981 High | 1981 Low | Stock | Closing Price p | + or − | Div. P. or Amount | Times Covered | Gross Yield | P.E. Ratio |
|---|---|---|---|---|---|---|---|---|---|---|---|
| — | F.P. | — | £27 | £21½ | Allegheny Int. Inc. | £24⅝ | +⅛ | Q$1.40 | — | 2.7 | — |
| §35 | F.P. | 22/7 | 37 | 30 | AlliedResidential 10p | 32 | ...... | b2.45 | 2.0 | 10.9 | 6.7 |
| Ir£0.50 | F.P. | 19/6 | 40 | 34 | ✠Bula Resources | 36 | ...... | — | — | — | — |
| §85 | F.P. | 24/6 | 140 | 105 | ✠Business Comp Syst | 135 | ...... | u1.0 | 6.7 | 1.1 | 18.4 |
| 75 | F.P. | 17/7 | 90 | 79 | Cambridge Elec. | 87 | −1 | b3.7 | 2.2 | 6.1 | 8.8 |
| 475 | F.P. | 10/7 | 500 | 462 | Energy Res. & Services | 475 | ...... | — | — | — | — |
| [illegible] | F.P. | — | 25 | 23 | ✠†Energy Sources | 24 | ...... | — | — | — | — |
| §10 | F.P. | 27/5 | 14 | 13 | F'st Charlotte Ast Tst | 13 | ...... | — | — | — | — |
| 100 | F.P. | 22/5 | 111 | 102 | G.T.GlobalRec.InvTst | 105 | ...... | — | — | — | — |
| ‖ | F.P. | — | 62 | 50 | ✠Harvey & Thompson | 50 | ...... | g2.24 | 1.1 | 6.4 | 19.7 |
| §10 | F.P. | — | 19 | 17 | ✠ICC Oil services | 18 | ...... | — | — | — | 27.5 |
| ¶91 | F.P. | 5/6 | 95 | 77 | ✠Intasun | 77 | −1 | g2.8 | 4.3 | 5.2 | 5.6 |
| $12 | F.P. | — | 640 | 600 | Mexico Fund | 600 | −10 | — | — | — | — |
| §51 | F.P. | 20/7 | 69 | 61 | ✠M'film R'prograph. | 66 | ...... | b2.5 | 1.4 | 5.4 | 18.1 |
| 100 | F.P. | 24/7 | 107 | 98 | Murray Technology | 101 | ...... | — | — | — | — |
| ‡44 | F.P. | 30/6 | 58 | 42 | ✠Selec TV | 42 | ...... | — | — | — | — |
| §83 | F.P. | — | 86 | 80 | ✠Stanelco | 85 | +1 | — | — | — | 25.4 |
| §155 | F.P. | 5/8 | 205 | 190 | ✠Star Computer | 194 | +2 | 2.0 | 4.3 | 1.5 | 20.2 |
| §90 | F.P. | 31/7 | 96 | 92 | ✠Trident Comp.Serv. | 95 | ...... | bd1.5 | 4.0 | 2.3 | 15.9 |
| §80 | F.P. | 14/7 | 91 | 85 | ✠UnitedCeramic Dist | 90 | ...... | b4.2 | 1.9 | 6.7 | 10.3 |
| §88 | F.P. | — | 93 | 89 | ✠Zygal Dynamics | 93 | +4 | u0.75 | 6.5 | 1.2 | 14.6 |

### FIXED INTEREST STOCKS

| Issue price £ | Amount Paid Up | Latest Renunc. Date | 1981 High | 1981 Low | Stock | Closing Price £ | + or − |
|---|---|---|---|---|---|---|---|
| 100‖ | F.P. | 22/7 | 101½ | 95 | BOC 9% Cnv. Uns. Ln. 2001-6 | 97 | −1 |
| [illegible] | F.P. | 26/6 | 27½p | 16p | BPC 7.75% Non. Cum. Prf. | 27½p | +1½ |
| 100‖ | F.P. | 8/6 | 101½ | 94 | Crouch Gp. 9% Con. Uns. Ln. '93-96 | 97 | ...... |
| 99.87 | £30 | 16/7 | 29¾ | 26½ | Finland 14½% Ln. 1986 | 28 | −¼ |
| 99.486 | £30 | 25/6 | 29 | 25¾ | International Bk. 13½% Ln. 1986 | 27½ | −¼ |
| ¶100 | £10 | 28/8 | 8½ | 7½ | Mid-Southern Wat. 9% Red. Pref. '86 | 7½ | ...... |
| 99 | F.P. | 27/8 | 99 | 93½ | Newcastle Water 7¾% Red. Pref. 1986 | 93½ | ...... |
| * | F.P. | 24/7 | 91p | 90p | Paterson Zochonis 10% Cum. Pref. | 90p | ...... |
| £1‖ | F.P. | 8/6 | 120 | 111½ | Phicom 8% Cum. Con. Red. Pref | 116½ | ...... |
| * | F.P. | 10/7 | 92 | 90 | Photax 11% Cum. Pref. | 90 | ...... |
| £1‖ | F.P. | 12/6 | 106p | 100p | Rexmore 15% Cnv. Cum. Red. Prf. 1991-92 | 104p | ...... |
| ¶98 | £10 | 28/8 | 8½ | 5 | Sund. & S. Shields Water 8% Red. Prf. '87 | 6 | −½ |
| 96¼ | F.P. | — | 96½ | 90¼ | Swansea (City of) 13½% Red. 2006 | 92⅞ | +⅛ |
| 25p‖ | F.P. | 17/6 | 36p | 25p | Weir Group 10% Red Cum Part. Conv. Prf. | 36p | ...... |

### "RIGHTS" OFFERS

| Issue Price p | Am'unt paid up | Latest Renunc. Date ● | Latest Renunc. Date ■ | 1981 High | 1981 Low | Stock | Closing prices p | + or − |
|---|---|---|---|---|---|---|---|---|
| 190 | Nil | 6/7 | 4/9 | 46pm | 38pm | AGB | 38pm | −2 |
| 64 | F.P. | 1/6 | 10/7 | 87 | 81 | Amal. Power Eng. | 86 | ...... |
| 190 | F.P. | 1/6 | 13/7 | 224 | 207 | Barratt Devs. | 224 | +8 |
| 380 | F.P. | 4/6 | 3/7 | 467 | 438 | Bestobell | 462 | −1 |
| 25 | F.P. | 22/5 | 3/7 | 34 | 31 | Brit. Dredging | 30 | ...... |

# UNIT TRUST SERVICE

## OFFSHORE & OVERSEAS—contd.

**Craigmount Fixed Int. Mngrs. (Jersey)**
P.O. Box 195, St. Helier, Jersey. 0534 27561
Gilt Fund (Jsy.) 92.1 92.0 −0.7 14.66
Valued weekly Wednesday.

**DWS Deutsche Ges. F. Wertpapiersp**
Gruneburgweg 113, 6000 Frankfurt
Investa DM33.73 35.45 −0.10 —

**Hill Samuel Investment Mgmt. Intnl.**
P.O. Box 63, Jersey. 0534 27381
HS Channel Is. Fd. 146.8 156.6 ...... 3.25
H.S. Fixed Int. Fd. 91.0 96.0 ...... 12.70

**Rothschild Asset Management (C.I.)**
P.O. Box 58, St. Julians Ct., Guernsey. 0481 26331

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# FT UNIT TRUST INFORMATION SERVICE

# AUTHORISED UNIT TRUSTS

**Abbey Unit Tst. Mngrs. (a)**
72-80, Gatehouse Rd., Aylesbury 0296 5941

| | | | | |
|---|---|---|---|---|
| Abbey Am. Gth. Tst. | 64.2 | 69.0 | +1.9 | 2.10 |
| Abbey Capital | 50.6 | 54.7 | ..... | 4.02 |
| Abbey General | 59.7 | 64.0 | ..... | 4.75 |
| Abbey Gilt & F.I. Tst. | 100.6 | 106.9 | +0.7 | 12.15 |
| Abbey Income | 39.5 | 42.7 | +0.7 | 8.22 |
| Abbey W'w.Bd.Tst. | 93.8 | 99.9 | +0.4 | 6.75 |
| Abbey Inv. Ts. Fd. | 54.2 | 58.6 | +0.3 | 4.18 |
| Equitas Prog. Tst. | 84.9 | 91.8 | +0.2 | 4.46 |

**Allen Harvey & Ross Unit Tst. Mngrs.**
45, Cornhill, London EC3V 3PB. 01-623 6314.

| | | | | |
|---|---|---|---|---|
| AHR Gilt Trust | 83.2 | 88.3 | -0.1 | 13.81 |

**Allied Hambro Ltd. (a) (g)**
Hambro Hse., Hutton, Brentwood, Essex.
01-588 2851 or Brentwood (0277) 211459

Balanced Funds

| | | | | |
|---|---|---|---|---|
| Allied 1st | 94.2 | 100.8 | ..... | 5.56 |
| Brit. Inds. Fund | 80.0 | 85.6 | +0.1 | 5.46 |
| Growth & Income | 54.9 | 58.7 | +0.1 | 4.24 |
| Elect. & Ind. Dev. | 47.6 | 50.9 | +0.1 | 4.91 |
| Allied Capital | 102.6 | 109.8 | +0.4 | 4.02 |
| Hambro Fund | 138.8 | 148.5 | +0.2 | 5.40 |
| Hambro Acc. Fund | 195.1 | 208.7 | +0.2 | 3.95 |

Income Funds

| | | | | |
|---|---|---|---|---|
| High Yield Fd. | 71.5 | 76.5 | +0.1 | 7.84 |
| High Income | 85.5 | 91.5 | +0.2 | 6.99 |
| Equity Income Fd. | 49.4 | 52.9 | +0.1 | 6.92 |
| Govt. Secs. | 24.3 | 24.9 | ..... | 12.45 |

International Funds

[illegible]

**Craigmount Unit Tst. Mgrs. Ltd.**
Bucklersbury, London EC4N 8BD. 01-248 4984

| | | | | |
|---|---|---|---|---|
| High Income | 37.7 | 41.2 | -0.1 | 11.04 |
| North American | 72.5 | 78.3 | +0.6 | 2.17 |
| Canadian Exempt* | 77.1 | 81.5 | ..... | 2.83 |
| Canadian Trust | 71.8 | 77.4 | +1.8 | 2.28 |
| Mid Mount High Inc.* | 50.2 | 53.1 | ..... | 9.07 |
| Recovery | 59.9 | 65.4 | -0.4 | 6.57 |
| Gilt Trust | 41.0 | 42.9 | ..... | 13.50 |

*Weekly dealing day Wednesday.

**Crescent Unit Tst. Mngrs. Ltd. (a)(g)**
4 Melville Cres., Edinburgh 3 031-226 4931

| | | | | |
|---|---|---|---|---|
| Cres. Amer. Fd. | 48.6 | 52.4 | +1.3 | 0.41 |
| Cres. Internat'l. | 94.0 | 101.5 | +1.0 | 1.48 |
| Cres. High. Dist. | 45.9 | 49.5 | +0.1 | 9.09 |
| Cres. Reserves | 53.0 | 57.2 | +0.1 | 5.35 |
| Cres. Tokyo | 41.2 | 44.4 | +0.5 | 0.28 |

**Darlington Unit Trust Mngt. Ltd.**
Bridge Chambers, Barnstaple, Devon 0271 76324

| | | | | |
|---|---|---|---|---|
| Total Perf. Unit Tst. | 23.7 | 25.1 | ..... | 8.66 |

**Discretionary Unit Fund Managers**
36/38 New Broad St, EC2M 1NU. 01-638 4485

| | | | | |
|---|---|---|---|---|
| Disc. Inc. June 12 | 252.0 | 268.8 | ..... | 4.94 |

**E. F. Winchester Fund Mngt. Ltd.**
44, Bloomsbury Square, WC1A 2RA 01-623 8893

| | | | | |
|---|---|---|---|---|
| Great Winchester | 19.9 | 22.0 | ..... | 7.48 |
| Gt. Winchester O'seas | 30.5 | 33.0 | ..... | 2.98 |

For Enson and Dudley see Robert Fraser Tst. Mgmt.

**Equity & Law Un. Tr. M.♥ (a)(b)(c)**
Amersham Rd., High Wycombe. 0494 33377

| | | | | |
|---|---|---|---|---|
| Equity & Law | 95.3 | 100.3 | ..... | 4.31 |

**Fidelity International Management Ltd.**
62-63 Queen St, London EC4 1AD 01-248 4891

| | | | | |
|---|---|---|---|---|
| American (a) | 44.2 | 47.6 | +0.7 | 0.46 |

[illegible]

# INSURANCE PROPERTY BONDS

[illegible]

# OFFSHORE & OVERSEAS FUNDS

[illegible]

Continued on previous page

# FT SHARE INFORMATION SERVICE

## BRITISH FUNDS

"Shorts" (Lives up to Five Years)

| 1981 High | Low | Stock | Price £ | + or − | Yield Int. | Red. |
|---|---|---|---|---|---|---|
| 99⅝ | 99 17/32 | Exch. 9½pc 1981 | 99¾ | +1/32 | 9.52 | 11.64 |
| 98 13/16 | 93¾ | Exch. 3pc 1981 | 98 11/32 | +1/32 | 3.04 | 11.82 |
| 99 13/16 | 99⅛ | Treas. Variable '81§§ | 99¼ | ...... | 12.50 | 13.05 |
| 100 13/16 | 97 5/16 | Exch. 12¼pc 1981‡‡ | 100⅛ | +1/16 | 12.73 | 12.16 |
| 98 3/16 | 95 13/16 | Treas. 8¼pc '80-82‡‡ | 98 3/16xd | +3/16 | 8.65 | 12.95 |
| 95 | 91⅞ | Treasury 3pc '82‡‡ | 95 | +¼ | 3.15 | 11.20 |
| 102¾ | 100½ | Treasury 14pc '82‡‡ | 101⅛ | +⅛ | 13.84 | 12.09 |
| 99½ | 98¾ | Treas. Variable '82§§ | 99½ | ...... | 12.53 | 13.01 |
| 96 9/16 | 93 13/16 | Treasury 8¼pc '82 | 96 7/16xd | +⅛ | 8.55 | 12.06 |
| 96 5/16 | 93 13/16 | Exch. 9¼pc 1982 | 95¾ | +1/16 | 9.66 | 12.95 |
| 95 1/16 | 92⅝ | Exch. 8¾pc 1983 | 95 1/16xd | +1/16 | 9.20 | 12.58 |
| 89¼ | 84⅞ | Exch. 3pc 1983 | 88⅝ | ...... | 3.39 | 10.53 |
| 99⅞ | 96½ | Treasury 12pc 1983‡‡ | 97 13/16 | −1/16 | 12.26 | 13.39 |
| 99 | 96¼ | Treas. Variable '83§§ | 99 | ...... | 12.59 | 13.04 |
| 94½ | 91¼ | Treasury 9¼pc '83 | 93 13/16xd | −1/16 | 9.74 | 12.71 |
| 101 13/16 | 98¼ | Exch. 13½pc '83 | 99 13/16 | −1/16 | 13.58 | 13.47 |
| 94⅞ | 91¼ | Exch. 10pc 1983 | 93 5/16 | −1/16 | 10.72 | 13.25 |
| 87¼ | 84½ | Funding 5½pc '82-84‡‡ | 86¼xd | ...... | 6.34 | 11.64 |
| 95¼ | 93 | Exch. 11¼pc 1984 | 95¼ | −1/16 | 11.87 | 13.63 |
| 103 5/16 | 98⅞ | Exchequer 14pc 1984 | 100 9/16 | −1/16 | 13.92 | 13.73 |
| 80⅞ | 78½ | Exch. 3pc 1984 | 80 5/16 | +1/16 | 3.72 | 10.79 |
| 98⅞ | 94 | Treasury 12pc 1984 | 95 11/16 | −1/16 | 12.54 | 13.63 |
| 107¼ | 101⅞ | Treasury 15pc 1985 | 103½ | −⅛ | 14.52 | 13.76 |
| 98⅞ | 93⅛ | Exch. 12pc Cnv. '85 | 94 11/16 | −1/16 | 12.67 | 13.83 |
| 75¾ | 73¼ | Treasury 3pc 1985 | 75½ | ...... | 3.97 | 10.86 |
| 96 1/16 | 91½ | Treasury 11½pc 1985 | 93 5/16 | −1/16 | 12.29 | 13.61 |
| 98⅞ | 93 | Exch. 12¼pc 1985 | 94 11/16 | −1/16 | 12.93 | 13.87 |

[illegible]

Five to Fifteen Years

[illegible]

Over Fifteen Years

[illegible]

Undated

[illegible]

## INTERNATIONAL BANK

[illegible]

## CORPORATION LOANS

[illegible]

## COMMONWEALTH AND AFRICAN LOANS

[illegible]

## LOANS

Public Board and Ind.

| 1981 High | Low | Stock | Price £ | + or − | Yield Int. | Red. |
|---|---|---|---|---|---|---|
| 64 | 58 | Agric. Mt. 5pc '59-89 | 62 | ...... | 8.05 | 12.65 |
| 29½ | 26 | Met. Wtr. 3pc 'B' | 26¼ | ...... | 11.60 | 13.85 |
| 114 | 98½ | U.S.M.C. 9pc 1982 | 105 | ...... | 8.57 | — |
| 97¾ | 91 | Do. without Warnts. | 92½ | ...... | 9.80 | 17.00 |

Financial

| 1981 High | Low | Stock | Price £ | + or − | Yield Int. | Red. |
|---|---|---|---|---|---|---|
| 101½ | 98 | FFI 14pc '83 | 99½ | +¼ | 14.07 | 14.23 |
| 92 | 88½ | FFI(UK Fn)5½pcDb. '80-2 | 92 | +½ | 6.07 | 14.07 |
| 83½ | 79 | Do. 6¼pcDb. '81-84 | 79½ | +½ | 7.96 | 14.40 |
| 93 | 85½ | Do. 10¼pc Uns.Ln. '86 | 86xd | ...... | 12.20 | 14.80 |
| 92 | 81¼ | Do. 11pc Uns.Ln. '88 | 83½xd | +½ | 13.17 | 14.40 |
| 92 | 83½ | Do. 11¾pc Uns.Ln. '90 | 84xd | ...... | 13.98 | 15.10 |
| 94½ | 83½ | Do. 12½pc Un. Ln. 1992 | 89¼ | +¼ | 14.55 | 15.20 |
| 64½ | 58 | Do. 7¼pcADeb. '89-92 | 59 | ...... | 12.43 | 14.98 |
| 62 | 57½ | Do. 7½pcADeb. '91-94 | 58 | ...... | 12.96 | 15.00 |
| 72½ | 67½ | Do. 9pc 'A' '91-94 | 68½ | +1 | 13.68 | 15.00 |
| 70 | 64½ | Do. 8⅞pcLn. '92-97 | 65¼ | +¼ | 14.43 | 15.20 |

## FOREIGN BONDS & RAILS

[illegible]

## AMERICANS

[illegible]

## CANADIANS

[illegible]

## BANKS AND HIRE PURCHASE

[illegible]

Hire Purchase, etc.

[illegible]

## BEERS, WINES AND SPIRITS

[illegible]

## BUILDING INDUSTRY, TIMBER AND ROADS

[illegible]

## CHEMICALS, PLASTICS

[illegible]

## DRAPERY AND STORES

[illegible]

## ELECTRICALS

[illegible]

## ELECTRICALS—Continued

[illegible]

## ENGINEERING MACHINE TOOLS

[illegible]

## FOOD, GROCERIES, ETC.

[illegible]

## FOOD, GROCERIES—Cont.

[illegible]

## HOTELS AND CATERERS

[illegible]

## INDUSTRIALS (Miscel.)

[illegible]

هكذا من الأصل

## INDUSTRIALS—Continued

| 1981 High | Low | Stock | Price | + or − | Div. Net | C'vr | Y'ld Gr's | P/E |
|---|---|---|---|---|---|---|---|---|
| 67 | 40 | Hewitt (J.) | 56 | — | 1.8 | 8.8 | 4.6 | 2.9 |
| 50 | 26 | Highgate & Job 50p | 40 | — | — | — | — | — |
| 124 | 40 | Hill (Chas.) £1 | 112 | −3 | ♦— | — | — | — |
| 37 | 16 | Hirst Mal'son 20p | 32 | — | ♦0.1 | — | 0.4 | — |
| 100 | 86 | Holden (A.) | 100 | — | 5.0 | 3.3 | 7.1 | 4.9 |
| 47 | 24 | Hollis Bros. | 42 | — | ‡1.4 | — | ‡ | — |
| 77 | 55 | Holt Lloyd Int. 10p | 63 | — | 3.17 | ♦ | 7.2 | ♦ |
| 163 | 110 | Hoover 'A' | 127 | — | 6.0 | — | 6.8 | — |
| 78 | 39 | Hoskins & H 20p | 76 | — | 2.0 | — | 3.8 | — |
| 69 | 48 | Howard Tenens | 68 | −1 | ‡2.28 | 2.8 | ‡ | 12.5 |
| 320 | 250 | Hunting Assoc. | 312xd | — | 5.0 | 5.8 | 2.3 | 7.9 |
| 160 | 112 | Huntleigh 10p | 122 | −1 | 1.5 | 3.8 | 1.8 | 15.2 |
| 181 | 120 | Hutch Whamp $HK1 | 188 | +1 | Q32c | ♦ | 1.6 | ♦ |
| 15 | 12 | Hyman (I. & J.) 5p | 13 | — | 0.83 | 3.9 | 9.1 | 3.2 |
| 120½ | £12⅞ | I.C. Industries$1 | £19¼ | +⅜ | Q$2.20 | — | 5.5 | — |
| 70 | 32 | ICL | 33 | +1 | ‡2.97 | — | ‡ | — |
| 44 | 35 | Ingall Inds. 10p | 40 | — | ‡2.5 | 2.6 | 8.9 | 11.1 |
| 241 | 188 | Initial Services | 230 | — | 7.5 | 2.3 | 4.7 | 11.4 |
| 23 | 9 | Inter-City 20p | 16½ | −1 | — | — | — | — |
| 78 | 39 | J. B. Holdings 10p | 72 | — | 3.0 | 4.9 | 6.0 | 4.7 |
| 192 | 110 | Jacksons Bourne | 176 | — | 5.0 | 3.3 | 4.1 | 10.7 |
| 26½ | 12 | James (M.) Ind. 10p | 25 | −1½ | 1.0 | ♦ | 6.0 | ♦ |
| 248 | 147 | Jardine M. $HK5 | 229 | +1 | Q88c | 2.8 | 3.6 | 14.2 |
| 25½ | 16½ | Jentique | 21 | — | ‡1.03 | — | ‡ | — |
| 10 | 6½ | Johnson & Barnes | 7# | — | — | — | — | — |
| 249 | 152 | Johnson Clnrs. | 238 | — | 7.0 | 3.4 | 4.2 | 7.8 |
| 285 | 186 | Johnson Mthy. £1 | 263 | — | 9.5 | Q2.3 | 5.3 | (9.7) |
| 92 | 75 | Jourdan (T.) 10p | 86 | — | 5.25 | 1.8 | 8.7 | 8.9 |
| 81 | 60 | Kalamazoo 10p | 67 | +1 | ‡3.75 | 1.4 | ‡ | 11.0 |
| 170 | 136 | Kelsey Inds. | 139 | — | ♦8.0 | 4.7 | 8.2 | 3.7 |
| 132 | 112 | Kennedy Sm. 10p | 127 | — | ‡3.5 | 3.4 | 3.9 | 9.8 |
| 330 | 255 | Kershaw (A.) 5p | 318 | — | 21.75 | 0.6 | 10.0 | (20.4) |
| 75 | 54 | Kleen-E-Ze Hldgs. | 75 | — | 5.5 | 3.1 | 10.5 | 3.5 |
| 75 | 59 | L.C.P. Hlds | 69 | +1 | 4.3 | ♦ | 9.2 | ♦ |

## INSURANCE

## INSURANCE—Continued

## LEISURE

## MOTORS, AIRCRAFT TRADES

### Motors and Cycles

### Commercial Vehicles

### Components

### Garages and Distributors

## NEWSPAPERS, PUBLISHERS

## PAPERS, PRINTING ADVERTISING

## PROPERTY

## PROPERTY—Continued

## SHIPPING

## SHOES AND LEATHER

## SOUTH AFRICANS

## TEXTILES

## TOBACCOS

## TRUSTS, FINANCE, LAND

### Investment Trusts

## INVESTMENT TRUSTS—Cont.

### Finance, Land, etc.

## OIL AND GAS

## OIL AND GAS—Continued

## OVERSEAS TRADERS

## RUBBERS AND SISALS

## TEAS

### India and Bangladesh

### Sri Lanka

### Africa

## MINES

### Central Rand

### Eastern Rand

### Far West Rand

### O.F.S.

### Finance

### Diamond and Platinum

### Central African



## MINES—Continued

### Australian

| 1981 High | Low | Stock | Price | + or − | Div. Net | C'vr | Y'ld Gr's |
|---|---|---|---|---|---|---|---|
| 43 | 32 | Acmex 50c | 43 | — | Q2.5c | — | 3.4 |

### Tins

### Copper

### Miscellaneous

## NOTES

## REGIONAL MARKETS

## OPTIONS

### 3-month Call Rates

| | | | | | |
|---|---|---|---|---|---|
| Dunlop | 8½ | Racal Elect. | 34 | KCA | 22 |
| Eagle Star | 25 | R.H.M. | 5 | Premier | 7½ |
| F.N.F.C. | 3 | Rank Org. Ord. | 18 | Shell | 32 |
| Gen. Accident | 30 | Reed Intnl. | 25 | Tricentrol | 30 |
| Gen. Electric | 60 | Sears | 5 | Ultramar | 44 |
| Glaxo | 28 | Tesco | 5½ | | |
| Grand Met. | 18 | Thorn EMI | 30 | Mines | |
| G.U.S. 'A' | 44 | Trust Houses | 15 | Charter Cons. | 21 |
| Guardian | 30 | Tube Invest. | 18 | Cons. Gold | 45 |
| G.K.N. | 25 | Turner & Newall. | 10 | Lonrho | 9 |
| Hawker Sidd | 25 | Unilever | 50 | Rio T. Zinc | 45 |

A selection of Options traded is given on the London Stock Exchange Report page

"Recent Issues" and "Rights" Page 44

FINANCIAL TIMES
Thursday June 25 1981



MPS CONCERNED AT "CONSULTANCY FEES" TO AGENTS

# Serious defence overspending alleged

BY BRIDGET BLOOM

FAILURE to exercise proper financial control of defence spending has led to cases of serious overspending by the Ministry of Defence, the Commons Public Accounts Committee has alleged.

The cases range from excess payments to France and the U.S. on joint defence projects and arms purchases to an increase of 27 per cent in the real costs of a still secret project known simply as Equipment A.

The allegations are made in a committee report published yesterday but based on evidence taken in private from senior Ministry of of Defence officials last February.

The report reveals that the Ministry paid nearly £500,000 in "consultancy fees" to an agent acting on behalf of Britain in a multi-million pound arms deal.

The committee singled out two areas where it was concerned that the Ministry of Defence had exercised "less than adequate control" over funds used in arms purchases or joint projects abroad. It castigated the Ministry for not being "sufficiently conscious of the indirect cost to the Exchequer of financing excessive or premature advances of funds."

Payments to the French under the joint agreement to build the Jaguar strike attack aircraft in 1978 totalled £10.5m more than they spent that year. In 1979, excess funds were £5m. They were not recovered until 1980. The committee also noted that unused British cash advances amounting to $127m, rising to $140m by March 1980 were held by the U.S. against a potential liability of $181m.

The committee notes that new agreements have now been signed with France and with the U.S., to allow cash advances to earn interest.

The committee also details three cases of serious overspending, brought about it says because "technical problems had been seriously underestimated at the outset and the reliability or durability (specified by the Ministry) had proved unattainable."

Two of these projects are labelled simply Equipment A and B. Committee sessions were held in private and the evidence printed in the report are so scattered with asterisks, indicating excisions on security grounds, that no hard facts about either project remain.

One or possibly both projects are associated with the Tornado, the multi-role combat aircraft being built in the UK, Germany and Italy.

Of Equipment A the report says: "The difficulties of achieving the required levels of reliability had not been fully appreciated during the project definition study. The current estimate of the operational reliability falls far short of the Staff Requirement and its real cost has increased by 27 per cent."

On Equipment B, the report says faults were discovered within a few months of first deliveries but that the Ministry of Defence hopes reliability and durability will be improved through a comparatively modest rectification programme.

The third project concerns the already publicised conversion of nine VC-10 airliners to tanker aircraft: the increase in their estimated cost from £44m to £131m including real cost increases of £34.8m is noted

Sir Frank Cooper, Permanent Under Secretary at the Ministry of Defence, in evidence which contains its own share of asterisks, denied allegations made in an article in the New Statesman last year that the sales arm of his Ministry, International Military Services, had ever paid bribes to obtain arms sales.

Sir Frank confirmed to the committee that the sum of £491,476.09, had been paid in January 1980 "for consultancy services entered into by IMS on behalf of the Ministry of Defence."

However, Sir Frank said that while he was satisfied that bribes were not paid by IMS, he could not be certain that money paid to agents or consultants abroad was not used by them to bribe.

*Third Report from the Committee of Public Accounts. House of Commons Paper 125, HMSO £7.00.*

# Buy-out plan for Vickers da Costa

By Christine Moir

VICKERS DA COSTA, the stockbroking company chaired by Sir Kenneth Berrill, head of the Government Think Tank, wrote to shareholders yesterday with plans for a takeover of Vickers by the current management, backed by a consortium of institutions.

While most Stock Exchange firms are partnerships, Vickers da Costa has been a public but unquoted company with about 70 shareholders, for eight years.

Sir Kenneth said yesterday that the corporate structure has initial advantages in raising capital. Eventually, however, it means the proportion of shares in the hands of working management falls inevitably.

As the equity drifts out, he said, motivation goes with it, that could put the company at a disadvantage to its competitors most of which are partners.

The new proposals would put control firmly back in the hands of management and consolidate outside capital in the hands of permanent and impersonal institutions.

Under Stock Exchange rules, no single institution can hold more than 10 per cent of a member firm. At all times voting control must remain with the principals who are members of the Exchange.

Those rules also meant that when Sir Kenneth, a leading economist, was proposed as the new chairman of Vickers last year, he had to sit the Stock Exchange examinations to become a member.

Yesterday Sir Kenneth would not say how much of the equity the institutional consortium would seek to take, or at what price. Baring Brothers, the merchant bank, has been instructed to advise Vickers' board and its shareholders on the takeover.

According to its last published accounts for the year to August 31, 1980, Vickers da Costa had shareholders' funds of £4.8m. It made attributable profits of £684,000, compared with a £28,000 deficit the previous year, after currency losses of £247,000.

Vickers shareholders are all present or former principals or their families, with the exception of St Katherine's College, Cambridge.

# £50m London dockland rail link proposed

BY ANDREW TAYLOR

PROPOSALS for a £50m "rapid-transit" light railway system, linking London's dockland areas with the City of London, are being considered by the London Docklands Corporation.

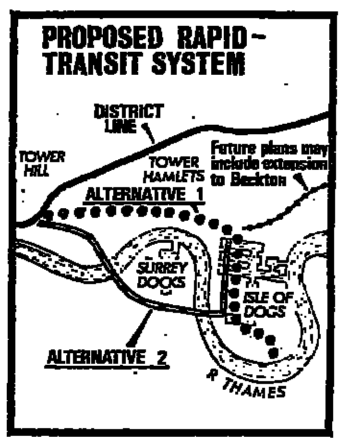
Two alternative plans are being considered by the corporation which was set up by the Government with wide-ranging "New Town"-style powers to mastermind the regeneration of London docklands. It does not become operational until later this year.

It is hoped the new rail link would be funded partly by the private sector. Finance also may be made available by the development corporation and the Greater London Council through London Transport.

Both alternatives being considered would link with the existing London Transport Underground rail network at Tower Hill, on the eastern boundaries of the City.

Alternative one would travel east from Tower Hill turning south at Poplar, over the enclosed dock basins on the Isle of Dogs and linking up with the southern end of the island. It would follow largely the route of the disused Blackwall railway, which linked with Fenchurch Street Station.

Alternative two would travel south from Tower Hill, connecting with the existing Underground rail link into Surrey Docks. This would be extended, recrossing the Thames by tunnel and emerging on the Isle of Dogs from where it would travel northwards to Poplar.




Both schemes make provision for the railway to be extended eastwards from Poplar and eventually link with Custom House and Beckton in the Royal group of docks.

Development corporation officials hope that plans will be finalised in time to be considered by the corporation's board—still to be appointed—in the autumn.

It is understood the system would operate with one- or two-car tram-style trains. Consideration of various "low cost" rail schemes was started last year by the former Docklands Joint Committee, representing in the main the Greater London Council and the dockland boroughs.

The search for rail alternatives followed a decision to shelve indefinitely on grounds of cost a proposal to extend the Jubilee Underground network into the dockslands.

A rail scheme may prove attractive to private sector investors, which have said poor communications are one of the major obstacles to the successful redevelopment of docklands.

A Surrey Docks rail route, for example, would link with the major office, retail and industrial development proposed by Lysander Estates for the 120 acre Southwark site in the former enclosed dock.

Lysander, representing a consortium of international developers and investors, has already floated an idea of building a mon-rail across the Thames linking its site with the north bank.

One obstacle to a rail link could be the proposed Northern Relief Road, which would follow the route of the former Blackwall railway. Local action groups are opposing the road scheme, due to be considered by the GLC soon.

# Saudis threaten boycott of Toyota

By Richard Hanson in Tokyo

SAUDI ARABIA has warned Toyota Motor of Japan that it will call for an Arab boycott of the group's vehicles if it enters a joint venture with Ford of the U.S. Ford has car production facilities in Israel.

Toyota is holding discussions with Ford about jointly producing cars in the U.S. Saudi Arabia is Toyota's second largest national export market after the U.S.

Last year Saudi Arabia bought 7 per cent of Toyota's total exports with 128,310 vehicles going to the kingdom. Toyota shipped 256,000 cars to the Middle East last year.

The Saudi warning was given to Mr Rokusuke Tanaka, the Japanese Minister of International Trade and Industry, by Mr Suleiman Abdel Aziz As-Salim, the Commerce Minister, during talks in Riyadh.

The warning should not be under-estimated, but it is up to Toyota to decide how to react, Mr Tanaka said in Tokyo yesterday, after his return from Saudi Arabia.

Toyota last year received a warning from Iraq about its talks with Ford, but no action was taken on that threat of a boycott.

Saudi Arabia still buys cars from Toyo Kogyo, the manufacturer of Mazdas, in which Ford has a large shareholding.

So far Toyota has declined comment on the Saudi warning. Its talks with Ford have been going on for a year and Toyota officials have indicated that a decision about the joint venture may be made in the summer.

But there have been signs the talks have not been going smoothly.

# Plan for company pension 'levy'

BY ERIC SHORT

EMPLOYERS could be forced to pay another 1 to 2 per cent of their payroll into their pension schemes to meet the cost of giving better pensions to former employees.

The plan is among the recommendations of the Occupational Pensions Board aimed at giving a better deal to employees who change jobs or leave their employer for one reason or another before retirement.

The Government gave a guarded welcome to the recommendations yesterday. Mr Patrick Jenkin, Social Services Secretary, said the Government would study the recommendation and consider alternative approaches, whereby the interests of early leavers might be better protected.

At present employees leaving their jobs are entitled to a deferred pension based on their years of service and salary at the time of leaving, with only part of that pension being revalued for inflation.

In its full report on the problem of protecting pension rights of employees leaving their job, published yesterday, the pensions board recommends that discrimination between those who leave and those who stay should cease.

But the majority of the board is not prepared to make this full protection mandatory on employers. Instead, it recommends legislation to revalue pensions up to an annual ceiling of 5 per cent.

The report says that on the basis of various model pension schemes employers could be paying up to 1 per cent more of payroll for male employees and 2 per cent extra for women.

A minority of the board, including the trade union members, wants the Government to go all the way and impose full revaluation on employers. If there is to be a ceiling, this minority wants it to be no lower than 8½ per cent.

Details, Page 8
Editorial Comment, Page 24

# Weather

**UK TODAY**

COOL. Rain except in West.

**London, S.E. and E. England**
Max. temp. 15C (59F).

**Central and N.W. England,**
Cloudy. Sunny intervals. Max. temp. 18C (64F).

**S.W. England, S. Wales, Lakes, N.W. Scotland, Argyll**
Dry. Sunny intervals. Max. temp. 18C (64F).

**N.E. England, rest of Scotland**
Sunny intervals. Showers. Max. temp. 16C (61F).

**Outlook:** Cool. Sunny intervals.

**WORLDWIDE**

| | | Y'day midday °C | °F | | | Y'day midday °C | °F |
|---|---|---|---|---|---|---|---|
| Ajaccio | C | 21 | 70 | Luxmbg. | C | 20 | 68 |
| Algiers | C | 22 | 72 | Luxor | S | 39 | 102 |
| Amsdm. | C | 21 | 70 | Madrid | S | 24 | 75 |
| Athens | S | 28 | 82 | Majorca | S | 24 | 75 |
| Barclna. | F | 22 | 72 | Malaga | C | 24 | 75 |
| Beirut | F | 26 | 79 | Malta | C | 25 | 77 |
| Belfast | C | 16 | 61 | M'chster | C | 19 | 66 |
| Belgrd. | C | 19 | 66 | Melbne. | C | 10 | 50 |
| Berlin | C | 14 | 57 | Mex. C.† | — | — | — |
| Biarritz | C | 19 | 66 | Miami† | T | 25 | 77 |
| Bmghm | C | 16 | 61 | Milan | S | 24 | 75 |
| Blackpl. | S | 17 | 63 | Montrl.† | C | 16 | 61 |
| Bordx. | F | 23 | 73 | Moscow | F | 31 | 88 |
| Boulgn. | R | 13 | 55 | Munich | R | 17 | 63 |
| Bristol | C | 17 | 63 | Nairobi | C | 22 | 72 |
| Brussels | C | 21 | 70 | Naples | F | 23 | 73 |
| Budpst. | C | 20 | 68 | Nwcsd. | R | 13 | 55 |
| Cas'b'ca | C | 23 | 73 | N York† | C | 21 | 70 |
| Cape T. | F | 19 | 57 | Nice | S | 23 | 73 |
| Chicg.† | C | 18 | 54 | Nicosia | S | 27 | 81 |
| Cologne | F | 22 | 72 | Oporto | S | 25 | 77 |
| Cpnhgn. | C | 16 | 61 | Oslo | F | 20 | 68 |
| Corfu | R | 23 | 73 | Paris | F | 21 | 70 |
| Denver† | T | 18 | 64 | Perth | R | 14 | 57 |
| Dublin | C | 15 | 59 | Prague | C | 15 | 59 |
| Dbrvnk. | S | 23 | 73 | Rykjvk. | C | 12 | 54 |
| Ednbgh. | C | 17 | 63 | Rhodes | S | 27 | 81 |
| Faro | S | 23 | 73 | Rio J'o† | — | — | — |
| Florence | F | 24 | 75 | Rome | F | 23 | 73 |
| Frankft. | C | 21 | 70 | Salzbrg. | C | 14 | 57 |
| Funchal | F | 23 | 73 | S'cisco† | F | 11 | 52 |
| Geneva | S | 19 | 66 | S'tiago† | — | — | — |
| Gibrltr. | F | 23 | 73 | Singapr. | F | 33 | 91 |
| Glasg'w | C | 16 | 61 | Stckhm. | R | 14 | 57 |
| G'nsey | R | 14 | 57 | Strasbg. | F | 22 | 72 |
| Helsinki | T | 15 | 59 | Sydney | S | 13 | 55 |
| H. Kong | C | 29 | 84 | Tangier | S | 24 | 75 |
| Innsbrk. | C | 15 | 59 | Tel Aviv | S | 28 | 82 |
| Invrnss. | R | 13 | 55 | Tenerife | F | 22 | 72 |
| I.o.Man | F | 14 | 57 | Tokyo | C | 24 | 75 |
| Istanbul | S | 27 | 81 | T'r'nto† | C | 15 | 59 |
| Jersey | R | 14 | 57 | Tunis | C | 24 | 75 |
| Jo'burg | S | 16 | 61 | Valencia | F | 24 | 75 |
| L. Plms. | S | 24 | 75 | Venice | F | 20 | 68 |
| Lisbon | S | 23 | 73 | Vienna | F | 16 | 61 |
| Locarno | S | 24 | 75 | Warsaw | C | 22 | 72 |
| London | C | 17 | 63 | Zurich | F | 19 | 66 |
| L. Ang.† | F | 20 | 68 | | | | |

C—Cloudy. F—Fair R—Rain.
S—Sunny. T—Thunder.
† Noon GMT temperatures.

THE LEX COLUMN

# A costly recharge for Chloride

Chloride will never be able to complain that the City has not given it generous support. Both its previous rights issues, for £7.3m in 1974 and £17.3m in 1976, were launched against difficult market backgrounds. Now Chloride has tested the City's resources to the utmost by squeezing out another £18.1m gross through a rights issue of convertible preference—this at the same time as announcing a pre-tax loss of £13.5m (rising to £22.5m at the attributable level) and passing its Ordinary dividend. And all it can promise is more losses, at least for the first half of the current year.

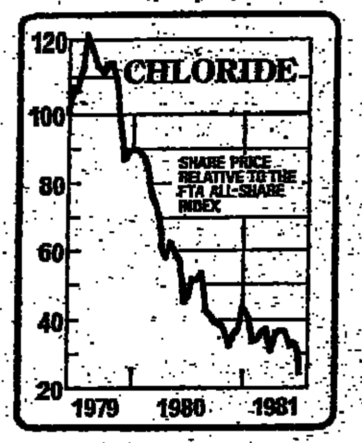
The solid barrier posed by the BP rights in the new issue queue was the least of Chloride's problems—to have delayed the results by more than the actual two weeks would soon have set the alarm bells ringing. Auditors Coopers and Lybrand have evidently only given the group a going-concern audit clearance on the basis that bank agreements were tied up—but the bankers would only sign these particular arrangements on condition that the capital base was going to be enlarged. Unusually, therefore, Chloride asked its merchant bankers Samuel Montagu to guarantee the underwriting of the issue eight days before it took place. The fee was an extra ¼ per cent, but Montagu felt that it could not shoulder the whole risk, so Kleinwort Benson came in on a 50-50 basis.

In the event the sub-underwriting was completed yesterday by brokers Cazenove, though not without complaints from the investment institutions over Chloride's inability even to provide an assurance that it will be able to pay the first Preference dividend on time. Meantime the Ordinary share price tumbled 8p to 26p, not just because of the losses — which were expected — but also because the recovery potential is being heavily diluted: on conversion, the equity stands to be increased by 57 per cent.

Chloride's half-time talk about a return to second half profits came to nothing, in the face of continued weak demand, and an outbreak of price-cutting in the UK market. Chloride's UK prices for automotive batteries are now a fifth lower than a year ago, and it cannot make money at these levels.

Chloride continues to earn profits outside the UK, despite losses in the U.S., but the desperately needed home market revival is still not happening. At least the recession, and the low price of lead, have allowed borrowings to be kept steady — the rise in gearing from 78 to 100 per cent of shareholder's funds was caused by the erosion of the equity base. Now the Preference issue buys time, but the next step could be a series of forced disposals, given that borrowings are still much too high for comfort.

**Index rose 3.9 to 548.4**




## Racal

The Decca business has been brought under control, and is heading for substantial profits during the next two years. That is the main message in yesterday's preliminary statement from Racal, and the implication is that group profits are heading for around £100m pre-tax in 1981-82, and a lot more the following year. The pre-tax total for 1980-81 is £73.2m—after a £2.4m loss from Decca—compared with £63.6m prior to the acquisition in 1979-80.

Loss elimination is part of the story. Decca's radio and TV side, which lost £4.6m last year, has now been sold: and the marine radar business is hoping to get close to break even after losing £6.6m on sales of roughly £30m. Racal has decided to develop this business under its own steam in the UK, rather than go abroad for technology or manufacturing facilities.

The rest of Decca is growing apace. Sales of its continuing activities are expected to rise from £154m to nearly £200m this year, and Decca is going to make a "significant" profit. That could mean something like £15m. Next year, it is scheduled to start approaching Racal-type margins—which means getting on for 20 per cent. On this basis, the purchase price of £106m begins to look very attractive.

Elsewhere, sales of radio communications equipment rose by around two fifths to £140m last year, despite a poor performance on the strategic side where substantially higher sales are forecast this year. The Jaguar V tactical radio is now in production, and Racal says this will produce orders worth "hundreds of millions" in the years ahead. Racal's total sales to the UK Government amount to 13 per cent of turnover, and it is not too concerned about defence cuts.

Data communications is the one slightly drab spot. Sales are expected to rise about a fifth on last year's £135m, but margins are likely to be squeezed by U.S. competition.

Meanwhile the group is generating a great deal of cash. Debt was down to 60 per cent of shareholders' funds at the year end, and could be well under 40 per cent in 12 months' time. So the group says that a rights issue is not under consideration. All this bullishness explains why the shares rose 12p to 384p yesterday, where the market capitalisation exceeds £1bn.

## Ferranti

Ferranti is performing well in the race to maintain its independence. Turnover of the continuing businesses has expanded by 35 per cent in the year to March, while underlying trading margins have been held without any help from the disposal of lossmakers. Stripping out the benefit from the rights issue cash and the £2m cost of disputes in the previous year, there has been an improvement of about a quarter in pre-tax profits to £18.1m. So the return on capital employed has climbed over the 20 per cent hurdle. The shares were unchanged yesterday at 525p, producing a yield of 1.8 per cent.

The Scottish Group has now got its teeth firmly stuck into its extensive aerospace order-book and volume here seems secure to the mid-1980s. The Computer Systems division may be modestly affected by today's defence cutbacks, but meanwhile the growing importance of uncommitted logic arrays, where volume has jumped by 50 per cent, is likely to put the electronics division's profits on a par with the other two major divisions over a five-year period.

Pre-tax profits this year should be about £23m and the next step will be to develop the company's geographic spread and non-military side. Next summer, when the covenant preventing nearly half the shares being sold runs out, the group is likely to appear a pricey morsel in anybody's money.

Continued from Page 1

# Cable

by the Hong Kong Telephone Company to increase that company's share of international telephone revenue, which will remain at 22 per cent.

Hong Kong Telephone has been seeking a 40 per cent share. Its demands led to an acrimonious legal battle with Cable and Wireless last year. The dispute has been settled in Cable and Wireless' favour.

**Mary Frings writes from Bahrain:** The Bahraini Government is to acquire 60 per cent ownership of Cable and Wireless's operation in the country from July 1. Cable and Wireless will own 40 per cent and has been granted a five-year management contract.

The joint venture company, Bahrain Telecommunications, will have initial capital estimated at BD70m (£52.4m), corresponding to the local assets of Cable and Wireless on the takeover date.

Mr Ibrahim Humeidan, Transport and Communications Minister, widely tipped as Bahrain Telecommunications' first chairman, said the size of the capital would be subject to review.

He expected the joint venture to earn a 14 per cent to 20 per cent profit on its operations over the next nine years.

# European plan Continued from Page 1

the UK needs a proper mechanism to help its small farmers benefit more than in the past from the CAP budget.

3 Britain's claim that it pays too much to the Community budget: Without producing any figures or examples, the commission outlines a formula for making special payments to the UK. This would be based on a link between Britain's contribution to spending on agriculture and its share of EEC gross domestic product.

Calculations suggest this might not yield as much as the annual rebates the UK is receiving under the temporary three-year deal agreed in May last year.

The commission's new formula would yield around £550m if the CDP—farm spending gap was fully bridged.

This compares with a £860m rebate on the UK's payments this year.

For this reason, the British seem certain to press for changes which would leave a more favourable balance

M Thorn was unrepentent about the commission's refusal to accommodate Chancellor Helmut Schmidt's claims that West Germany's high budget payments were "unacceptable."

West Germany, he said, had benefited from creating a single market for industrial goods. There was a great deal more to community membership than a plus or minus balance with the EEC budget.

# Chloride issue Continued from Page 1

merchant banks, were signed up 10 days ago to guarantee underwriting for the proposed issue.

Shareholders, who must still approve the issue, are being offered one new convertible preference share, carrying interest at 7.5 per cent net, for every seven shares which they own.

Each of the new shares will be convertible from next year into four ordinary shares at a price which represents 25p a share.

The market's reaction was to mark Chloride's shares down from 34p to 27p, representing a small premium over the effective conversion price. Large numbers of shares changed hands during the day, making the job of sub-underwriting the issue difficult as institutions waited to see where the shares would stabilise. Eventually the sub underwriting was completed by late afternoon.

On full conversion, the company's equity base would be increased by 57 per cent. The management has pledged itself to reducing debt still further, if necessary by sales of assets.

Chloride has been forced to pass its dividend completely on the ordinary shares. Last year it paid 4p net.

Chloride produced a small operating profit last year of £4.5m, compared with £31.9m the previous year, but interest charges of nearly £15m and £4.7m of redundancy and closure costs led to pre-tax losses of £13.5m. Tax liabilities unable to be offset by overseas losses, mainly in the U.S., produced a further £5m deficit below the line.

Total demand for batteries in the UK has fallen by 12 per cent, and the company has been losing market share



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